

Office Supreme Court, U. S.
DISTRICT

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No. 370.

Supreme Court of the United States,

OCTOBER TERM, 1919.

J. HARTLEY MANNERS,

Petitioner,

against

OLIVER MOROSCO.

BRIEF ON BEHALF OF PETITIONER.

DAVID GERBER,
WILLIAM J. HUGHES,
Counsel for Petitioner.

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Supreme Court of the United States,

OCTOBER TERM, 1919.

J. HARTLEY MANNERS,
Petitioner,

vs.

OLIVER MOROSCO,
Respondent.

No. 370.

ON WRIT OF CERTIORARI TO THE UNITED STATES CIR-
CUIT COURT OF APPEALS FOR THE SECOND
CIRCUIT.

BRIEF FOR PETITIONER.

Statement.

The case comes before the court on a writ of *certiorari*, issued to the United States Circuit Court of Appeals for the Second Circuit.

The respondent rested on petitioner's case (Rec. p. 74), so that the record presents a question of law unembarrassed by disputed facts.

Petitioner, a playwright, wrote a drama to which he gave the title "PEG O' MY HEART" (Rec. p. 3), which play was duly copyrighted in July, 1918 (Plff.'s Ex. No. 2, p. 100; Plff.'s Ex. No. 3, p. 101).

It was written with the view of having the star or

principal part of "PEG" played by petitioner's wife, a prominent and successful actress, who appears upon the stage under her professional name of "Laurette Taylor" (Bill of Complaint, Rec. p. 13, not denied in answer; see Answer, Rec. p. 41).

At the time of making the contract (upon which the question before the court hinges), respondent operated a theatre in Los Angeles, California, known as the Burbank Theatre, in which he produced dramas with a company of actors for short runs (Bill of Complaint, par. 23, Rec. p. 18, not denied in the Answer, see Rec. pp. 41 42).

On January 19, 1912, the parties to this action entered into an agreement, set forth in the bill of complaint (par. 22, Rec. p. 13; Plff.'s Ex. No. 7, Rec. p. 107)—to which we will refer more at length in our argument on the law—by which respondent agreed "to produce the play not later than January first, 1913, and to continue the said play for at least seventy-five performances during the season of 1913-1914, and for each theatrical season thereafter for a period of five years" (Contract, par. 3, Rec. pp. 15, 108).

The accepted theatrical season commences about October 1st and terminates about April 30th of the following year (Rec. pp. 60, 61).

The play was produced by respondent at his Burbank Theatre, in Los Angeles, Cal., on May 28, 1912, with a company of actors, Laurette Taylor playing the leading character, and continued at said theatre for ten weeks (Complaint, par. 23, Rec. p. 18, not denied in Answer, Rec. pp. 41, 42).

It met with such great success that it was brought to New York City by respondent, and produced at the Cort Theatre, from December, 1912, to May 30, 1914, a total of 604 continuous performances (Com-

plaint, pars. 23-24, Rec. p. 18, not denied in Answer, see Answer, par. 8, Rec. p. 42).

On July 20, 1914, the agreement was modified by releasing Laurette Taylor from the principal or stellar role, and respondent was given permission to produce the play with more than one company, and relieved from the restriction against leasing, sub-letting or assigning any of his rights; without, however, affecting his personal liability for the royalties (Plff.'s Ex. No. 9, Rec. p. 117).

Respondent thereupon organized eight different traveling companies to produce the play during the theatrical season of 1914-1915, each company covering a distinct, but different, section of the United States or Canada.

During the theatrical season of 1915-1916, respondent organized four different companies, and during the season of 1916-1917, five companies, so that, within the period of five theatrical years, following January 19, 1912—the date of his contract—respondent produced the play in every city of the United States in which it could be played with any prospect of profit to him, realizing approximately one million dollars (Complaint, par. 25, Rec. p. 24, not denied in Answer, see Rec. p. 42).

After the close of the theatrical season of 1917-1918, respondent, claiming he had a right to produce the play—not with living actors, as he had done for five years—but by means of motion pictures, notified petitioner of his intention to exercise that alleged right. Thereupon this action for an injunction was commenced.

The difference between a drama produced by a company of living actors, and a photoplay projected upon a screen with the aid of a positive film and projecting machine, is set forth in the bill of

complaint (par. 14, Rec. p. 9) and not denied in the answer (see par. 5, Rec. p. 41), and is, of course, familiar to the court.

The learned trial judge held (1) that the contract of January 19, 1912, conveyed the motion picture rights in the play, to respondent and (2) that it was not limited in duration to the period of years or seasons specified in paragraph "third" of the contract (see Final Decree, Rec. p. 79).

The learned Circuit Court of Appeals divided on the question whether the contract did vest in respondent the motion picture rights. Two opinions were written, the prevailing one by Circuit Judge Manton (Rec. p. 159) and a dissenting opinion by Circuit Judge Ward (Rec. p. 163).

The learned trial judge and the learned judges of the Circuit Court of Appeals, in the three opinions written, respectively cite *Kalem v. Harper* (222 U. S. 55), but do not agree as to its proper application to contracts between authors and play producers. There is also a conflict between the decision in this case and the opinions of the English courts.

As counsel stated on the joint motion to place this case on the summary docket, many questions are arising in the courts out of disputes between authors of plays and producing managers of stage plays, and producers of motion picture photoplays.

ARGUMENT.

I.

Petitioner did not divest himself of his motion picture rights by the contract of January 19, 1912.

A.

The situation of the parties at the time the contract was entered into, and their acts in performance thereunder, are at war with the belated claim of respondent that he had the right to use the drama as the basis for a photoplay.

In January, 1912, the respondent was operating a theatre in Los Angeles, California, not a motion picture theatre, but for the production of plays with a company of living actors (Complaint, par. 23, Rec. p. 18).

The agreement is declared to be between petitioner and "Oliver Morosco, of the Burbank Theatre, Los Angeles, California" (Plff.'s Ex. No. 7, Rec. p. 107), at which theatre the play was first produced by respondent on May 28, 1912 (Bill of Complaint, par. 23, Rec. p. 18).

For five theatrical years thereafter, down to and including the theatrical season of 1917-1918, seventeen different traveling companies of living actors were organized by him, producing the play in every city of the United States in which the play could be performed with any hope of profit (Bill of Complaint, par. 25, Rec. p. 24, not denied in the Answer, Rec. 42; see also par. 27, Rec. p. 25; Answer, p. 42). Down to that time, there was no effort made to use the play for motion picture purposes.

B.

The contract is not a grant or *assignment*—but a *license* to produce the play in the United States and Canada, subject to “the terms, conditions and limitations” therein expressed, and *every* “term”, “condition” or “limitation” is applicable only to a production of the play as a spoken drama, and inappropriate to the use of petitioner’s literary work as the basis for a scenario for a photoplay or screen performance.

Every paragraph of the license (to which we will refer), sustains the statement of Circuit Judge Ward that he finds “*not a word in the contract indicating an intention to transfer the movie rights, though they were well known to both parties*” (Rec. p. 164).

In 1912, the motion picture industry was very well known in the theatrical profession. There were motion picture theatres devoted *exclusively* to giving photo-play performances in practically all the cities of the United States (Rec. p. 63). Indeed, this was so well known that the court in *Klein v. Beach* (232 Fed. Rep., bottom p. 244, top p. 245) took judicial notice of the fact.

(1) The *first paragraph* grants to respondent “subject to the terms, conditions and limitations” thereafter in the contract expressed, “the sole and exclusive *license* and liberty to produce, perform and represent the said play in the United States of America and the dominion of Canada” (Rec. p. 107).

It is not a sale of the play, nor an assignment, but

a license only circumscribed by terms, conditions and limitations.

Heap v. Hartley, 42 L. R. Ch. Div. 461 (1889).

The London Printing and Publishing Alliance, (Limited) *v. Cox*, 7 The Times Law Rep. 738 (1891) 3 Ch. 291.

Neilson v. Horniman, 26 The Times Law Rep. (1909) 188.

Stevens v. Benning, 1 Kay & Johnson's Rep. 168.

Tuck v. Canton, 51 L. J. N. S. (1882) (Part 2) pp. 363-365.

It was an authority to do lawfully that which otherwise would have been unlawful.

Paragraph "*Fifth*", providing for a *termination* of respondent's rights, in the event of a failure to give seventy-five performances during a theatrical season, and paragraph "*Eleventh*", prohibiting an assignment or sub-letting of the rights acquired, are wholly inconsistent with a sale or grant of the play.

Whatever was not expressly or by necessary implication granted, was reserved by and remained in the petitioner, and respondent's rights were limited to the restrictions of the license.

Lucas v. Cooke, 13 L. R. Ch. Div. 872 (1879-1880).

Heap v. Hartley, 42 L. R. Ch. Div. 461 (1889).

(2) Paragraph "*Second*" acknowledges the receipt of \$500. advance royalty, to be applied to the first royalties maturing under the contract.

(3) The "*third*" paragraph requires a production of the play not later than January 1, 1913, and to continue for at least seventy-five performances dur-

ing the season of 1913-1914, and for each theatrical season thereafter for a period of five years (Rec. p. 108).

A theatrical season, in connection with the spoken drama, is the period from October 1st to the following April 30th (Rec. pp. 60-61).

A company of actors engaged to travel from city to city for a theatrical season understand their employment to cover the period of the accepted season.

McIntosh v. Miner, 37 A. D. (N. Y.) 483.

There is no theatrical season in connection with a photoplay performance, consisting of a positive film, a projecting machine and a screen.

Circuit Judge Ward says: "The third article of the contract speaks of theatrical seasons, which exist for spoken, and do not exist for movie, plays" (Rec. p. 163).

See also *Law of Motion Picture and the Theatre*, p. 119.

The words "at least seventy-five performances" during each theatrical season has a definite meaning in connection with a theatrical company performing a play, but the film of a photoplay may be used any number of times during the day in a motion picture theatre, and *any number of films* may be used in different cities of the United States on the *same day*. What, in connection with such an entertainment, do the words "seventy-five performances during the theatrical season" mean? That number of performances might be given in less than one week throughout the United States in different motion picture theatres.

(4) The *fourth paragraph* provides for a royalty to be paid of five per cent. of the first \$4,500 of gross weekly receipts; seven and one-half per cent. on the

next \$2,000 gross weekly receipts; and ten per cent. on all sums over that amount of \$6,500 gross weekly receipts; which moneys, with certified box office statements, respondent agreed to send petitioner (Rec. p. 108).

The learned trial judge excluded all evidence offered by petitioner to establish the inappropriateness of this royalty provision in connection with a photoplay. It was sought to show that in 1912, the custom in connection with a photoplay was to lease the use of a film at a *fixed nightly rental* (Rec. p. 63), and that the manner in which the moving picture business was carried on rendered this method of measuring the royalty wholly inappropriate and inapplicable; but the evidence was not admitted (see Rec. pp. 63, 71; see also pp. 74-78).

We have, however, on this subject the terse and lucid language of Judge Hough in *Harper Brothers v. Klaw*, 232 Fed. Rep. 609 (bottom p. 612), where (referring to a similar provision) he says:

"The contract prohibits any change in the manner of performance or text, and *contains provisions as to royalties and their computation, confessedly incapable of application to any method of producing photoplays in commercial use or known to witnesses or counsel.* It is unnecessary to expand this thought. The whole arrangement made between the parties in 1899 is not only inconsistent with, but repugnant to, the thought of making 'movies' out of Ben Hur." (Italics ours.)

(5) The *fifth paragraph* protects petitioner against a failure by respondent to produce the play for seventy-five performances each theatrical year.

Here, again, as Judge Ward says, reference is made to "theatrical seasons".

(6) The *sixth paragraph* requires the production of the play in first-class theatres, with a competent company, the members of which were to be satisfactory to both parties, and with Miss Laurette Taylor in the title role of "Peg". Respondent undertook to have a production in New York, and then the play was to be "*continued on the road with Miss Taylor in the part of 'Peg' for at least one season or longer, if considered advisable by both parties.*" (Italics ours.)

Every word of this paragraph destroys the thought of a photoplay performance. It not only deals with a company of living actors, providing for the manner of their selection, but the play must be produced in New York and then *continued on the road* with Miss Taylor in the part of "Peg".

The cast of characters does not change in a film or photoplay.

(7) The *seventh paragraph* provides that "*no alterations, eliminations or additions shall be made in the play, without the approval of the author.*" (Italics ours.)

Had the parties desired *expressly* to exclude a photoplay performance no stronger language could be used than is found in this paragraph. If that were the only provision in the license, respecting the character of the production, it would be the death-knell to the belated claim advanced by respondent.

There is a pardonable pride of authorship in the dialogue of a play, which is "eliminated" and destroyed by a screen performance.

The petitioner had adopted playwriting as his profession (Bill of Complaint, par. 3, Rec. p. 3), and did not wish his work submitted to the public

under his name, excepting in the form in which he created it. A photoplay eliminates all dialogue. It is founded on a "scenario" which is but the skeleton libretto of the work, giving the general movement of the plot and the successive appearances of the principal characters.

Century Dictionary, p. 5384.

Encyclopedia Britannica, 11th Ed., Vol. 24, p. 306 (under word "scene").

Judicial opinions written in cases affecting motion pictures draw the distinction between a *play* and a "scenario" for a *photoplay*.

See:

Universal Film Mfg. Co. v. Copperman, et al., 218 Fed. Rep. 577-578.

Photo Drama Motion Picture Co., Inc., vs. Social Uplift Film Corporation, 213 Fed. Rep. 374-377.

New Fiction Publishing Co. vs. Star Co., 220 Fed. Rep. 994-995.

London v. Biograph Co., 231 Fed. Rep. 696-697.

Judge Learned Hand, in *Klein v. Beach*, 239 Fed. Rep. 108 (at p. 110), clearly draws the line between a "play" and a "scenario". Construing the contract in that case, he says:

"Klein was to make a play out of the book, and the Authors' Producing Company was to produce it; if they failed, Klein and Beach might try it together. There is no intimation that Klein should have further rights to make, not a play, but a motion picture scenario. Such a scenario is hardly a 'play' for 'presentation on the stage'. We have this language to construe at a time when the different require-

ments of 'screen' and 'stage' were well understood, and with them the need of writing two quite separate kinds of dramatization."

District Judge Mayer, before whom this case was tried, held that paragraph seventh refers not only to the spoken play, but to a motion picture reproduction of the spoken drama as well (see Appendix, opinion, in *Manners vs. Famous Players-Lasky Corporation*, December 11, 1919).

In the same opinion, the learned District Judge says that "it is obvious that a spoken play cannot be literally reproduced on the screen" (Appendix, p. 29).

How can a provision that there shall be "no eliminations" be applied to a performance that eliminates every word of the dialogue? A scenario of "Hamlet", thrown upon the screen, would destroy the work of the greatest master of the English language the world has ever known.

(8) The *eighth paragraph* requires "rehearsals and production of the play to be under the direction of the author" (Rec. p. 109).

The rehearsals were to be with a company to be selected by mutual consent, as provided in paragraph 6th, and the production, as provided in paragraphs 3rd, 6th and 9th, was to be under the direction of the petitioner.

This could not apply to "movie shows" (Opinion, Ward, C. J., Rec. p. 164).

(9) The *ninth paragraph* requires "the name of the author to appear on all advertising reading and printed matter used in connection with the play" (Rec. p. 109).

That provision could not apply to a moving picture production, which is based on a scenario, *not written by the petitioner*. He is the author of the play, but not of a scenario founded on the play. That paragraph called for the name of the author in connection with the play to be produced pursuant to the various provisions of the agreement.

(10) By the *tenth paragraph*, the petitioner agrees not to exercise his right to print or publish the play until six months after the play is produced in New York City (Rec. p. 109).

We refer to this paragraph more at length in connection with respondent's contention that that paragraph is indicative of a limited reservation made by the author (see subd. E).

(11) The *eleventh and twelfth paragraphs* are restrictions on the respondent against leasing, subletting or assigning any of his rights, and provides that if the play should "fail in New York City and on the road", "it shall be released for stock", and the royalties received from such stock theatres divided between the parties.

Stock theatres are those presenting plays by living actors after they have been produced in New York and the metropolitan cities. They are played at a fixed royalty and limited to spoken plays, *not motion pictures*. The company remains at the theatre, producing a different play each week, as a rule (Rec. p. 72).

(12) The *addenda* to the contract provides for the successor in the role of "PEG" after Miss Taylor shall have finished her season; such successor to be mutually agreed upon (Rec. p. 110).

A motion picture film does not change stars. There is no such thing as a "successor" to a star in a motion picture film.

We have now considered every controlling paragraph of the contract, in an endeavor to ascertain what was in the minds of the parties on January 19, 1912.

Where is there a syllable in these "terms, conditions and limitations" of the license which, by the widest stretch of construction, can be held to be applicable to a photoplay?

May we not say with Judge Ward that there is not a word in the contract indicating an intention to transfer the movie rights, and that the words of the grant are to be restricted to what the parties were contracting about, viz., the spoken play? (Rec. p. 164).

C.

The modification of the contract, made July 20, 1914, somewhat reflects what was in the minds of the parties in January, 1912.

This modification (Plff.'s Ex. 9, Rec. p. 117) released Miss Taylor from appearing in the stellar role and accordingly respondent was relieved from the limitation of a production by one company only, with Miss Taylor in the part of "PEG". Respondent, however, agreed to use reasonable efforts to have Miss Taylor's name announced as the creator of the role (Rec. p. 118).

Here, again, we have a reference to companies producing the play in spoken drama only, and when the parties intended to refer to cinematograph or

motion pictures, they knew the distinction and used those terms (see par. ninth, Rec. p. 120).

The ninth paragraph of this modifying agreement prohibited, *for a term of four years from July 20, 1914*, the use of the play for motion picture purposes by either party without the consent of the other. If respondent possessed, or believed he possessed, exclusive motion picture rights, there would have been no occasion for inserting that provision, because *he* certainly would not have licensed a photo production to the serious financial detriment of his stage performances (Rec. p. 73) and in that event, the petitioner could not authorize such photoplay; but, as the moving picture rights rested in petitioner, and as controversies had arisen between the parties (see recital top of p. 117), respondent was fearful that in a spiteful or vindictive spirit, petitioner would use or license others to exercise his motion picture rights before the expiration of the license, which petitioner claimed would be at the termination of the theatrical season of 1917-1918. It is, therefore, manifest why respondent exacted that provision.

While it is true we are considering what was in the minds of the parties in January, 1912, when the original contract was made, still we may consider the terms of the modifying agreement of 1914 as reflecting light on the anterior contract, unless we are estopped by the provision that paragraph ninth is not to be construed as a recognition by either party that the other had, under the original agreement, or acquired under the modifying agreement, the right to give motion picture performances (Rec. p. 121).

This ninth provision of the modifying agreement also provides that after the expiration of the said

four years' period, the rights, whatever they may be, of either party, in respect of motion pictures, shall be such as they are legally entitled to under and pursuant to the original agreement, as though the supplemental agreement had not been entered into, without any admission or recognition by either that the other has or had motion picture rights. As recited in the agreement, controversies had arisen between the parties. Petitioner claimed that paragraph third of the license of 1912 was a limitation of its duration, and that the five years' period ended with the close of the theatrical season of 1917-1918.

This claim was disputed by respondent, who urged that under any construction, his license would not expire until the end of the season of 1918-1919, that is to say, April 30, 1919 (see Rec. p. 58).

Both sides conceded, when the modifying agreement was entered into, that the license had *at least* four years to run, that is to say, until the end of the theatrical season of 1917-1918. We, therefore, have the four years expressly covered, with respondent free to claim, as he does now, that his license extends beyond April 30, 1918, without, however, either side being prejudiced by paragraph ninth.

We refer to it only to show that when the parties intended to speak of motion pictures or a cinema performance, they used those terms, as distinct from a production of the "play". Throughout the license of January, 1912, there is reference only to the "play", and its production, under terms and conditions which irresistibly point to a performance by means of living actors.

D.

The word "represent" used in the contract, cannot be construed as referring to a motion picture, as distinct from the play.

The license granted the right to "produce, perform and represent" the play (Rec. p. 107). Circuit Judge Manton says that "ordinarily one may 'produce or perform' a spoken play upon the stage, but 'to represent' seems to be peculiarly appropriate to a motion picture representation of a play" (Rec. p. 161).

Prior to 1856, the author of a dramatic composition had, under the Copyright Laws, only the exclusive right to print, reprint, publish and vend his work. In 1856, he was granted the additional right to "act, perform or *represent* the same or cause it to be acted, performed or *represented* on any stage or public place during the whole term for which the copyright is obtained" (11 U. S. Stat. at Large, p. 138). Motion pictures were unknown at that time.

This amendment (1856) was modeled upon, but not entirely copied from, the British Dramatic Literary Property Act of 1833 (3 and 4 Will, IV c. 15, commonly called Sir Bulwer Lytton's Act).

The English Act uses the language "*sole liberty of representing or causing to be represented*", without using the words "perform" or "produce", and was passed at a time when the word "represent" could only be used and understood to apply to the spoken drama.

Copyright secured in England under the Imperial Copyright Act of 1842 (5 & 6 Vict. ch. 45) extended to every part of Her Majesty's dominions, including Canada.

Routledge vs. Low, L. R. 3; H. L. 100;

Black vs. Imperial Book Co., 8 Ont. Law Rep. 9.

Smiles vs. Bedford, 1 Ont. Ap. Rep. 436.

The word "represent" is used in connection with a performance of a play in spoken drama not only by Congress, and the English Parliament, but in like connection by the English courts.

Murray v. Elliston, 5 Barnewall & Alderson Rep. 657.

Duck v. Bates, 13 L. R. Q. B. 843 (1883-1884).

Chappel v. Boosey, 21 L. R. Ch. Div. 232 (1882).

E.

The provision found in paragraph Tenth of the license that the author would not exercise his right to print the *play* until six months after its production in New York City, is not a limitation of the reserved rights possessed by the author.

Circuit Judge Manton held that an expression in a contract of one or more things of a class implies the exclusion of all not expressed, although all would have been implied had none been expressed (Citing 13 Corpus Juris, 537) (Rec. p. 162).

To be logical, opposing counsel must argue that the respondent is also possessed of the right to translate the play or to novelize it, and exercise *all other rights* vested in the owner of a copyright of a dramatic composition, or of a manuscript play, excepting to print and publish it *as a play*.

As matter of fact, the play was novelized and printed in story form by the author as early as 1913, without any question or objection by respondent; but all proof on that subject was excluded on objection by respondent (Rec. pp. 50, 51; Plff.'s Ex. 5 for Identification, Rec. p. 103; Plff.'s Ex. 6 for Identification, Rec. p. 104).

The purpose of paragraph tenth is quite mani-

fest. It was to *delay* the exercise by the author of his undoubted right to publish the play until six months after the stage representation in New York City, not otherwise to limit or grant to respondent his reserved rights.

F.

The fact that petitioner retained the motion picture rights is not inconsistent with a license limited to a representation of the play as a spoken drama.

The learned Circuit Judge writing the prevailing opinion below said that the court should be reluctant to give a construction not warranted by the language, nor intended by the parties, which would permit of competition by the petitioner in the production of the play in motion pictures (Rec. p. 162).

The fact that an author might destroy the value of his play as a spoken drama, by giving motion picture performances thereof, is only to argue that the author had the power to do the idiotic act of annihilating his play, of which he was so proud that he provided against an alteration, elimination or addition of a word without his consent. *He might also have published his play without copyright protection six months after its first representation in New York City, and thus have made it common property.* With the loss of his common law rights would have fallen the movie rights, claimed by respondent.

Société Des Films Menchen v. Vitagraph Co. of America, 251 Fed. 258.

There is nothing in the agreement that required him to copyright the play when published. Yet common sense dictates that the petitioner would no

more destroy his literary product by publishing it without copyright protection than he would commit the equally senseless act of authorizing a motion picture performance (except vindictively), while it was being produced in spoken drama, upon the success of which his royalty depended.

May we not in turn argue that if the respondent's contention is tenable that he acquired the motion picture rights, he would have had the right to produce the play in that form *the day after the contract was signed*? If he possessed the motion picture rights, what was there to prevent his producing the play in that form, and *not at all as a spoken drama*?

Was that the intention of the parties?

By the amendment to Section 5 of the Copyright Act (approved August 24, 1912, 37 Stat. 488), motion picture photoplays are classified apart from dramatic or musical compositions (subdivisions *l* and *m*). *These rights are separable*; "there might be a copyright for a dramatization of the old sort (acted on a stage) and also a copyright for a dramatization of the new sort (arranged in motion pictures)."

Photo-Drama Motion Picture Co. vs. Social Uplift Corporation, 220 Fed. Rep. 448-449.

If respondent's contention has weight he may secure a separate copyright of the motion picture representation, distinct from the copyright of the petitioner, and this under a contract by which he undertook to perform the play, just as it was written by the author, without making any alteration, elimination or addition, and under a license which specified in detail, and with some elaboration, the

limitations and restrictions under which the performance is licensed.

The effect of the decree is that under a license "to produce, perform and represent" the play for seventy-five times each *theatrical season* for five years, the defendant has been awarded the right in perpetuity to produce the play in motion pictures, irrespective of the various provisions of the contract, to which reference has been made, and with no other obligation than to give, or authorize the giving, of said number of performances each *theatrical season*, whether produced as a motion picture or as a spoken drama.

Authorities.

G.

The case of *Kalem Co. v. Harper*, 222 U. S. 55, has been, we respectfully submit, misapplied.

The learned District Judge, in his opinion, declared that the word "produce" found in the contract under discussion, when used alone, has a definite meaning by virtue of *Kalem Co. v. Harper*, 222 U. S. 55. "In other words", he says, "'produce' includes the presentation in or by way of motion pictures. The scope of the word, as thus judicially defined, can be narrowed only by some other language, employed by contracting parties to express a different intent" (Rec. p. 156).

The learned court further said that "the suggestion that paragraph 'Seventh' [prohibiting alterations, eliminations or additions] has any bearing upon the question of motion picture rights, is not persuasive, in view of the *Kalem* and *Frohman vs. Fitch* cases" (Rec. p. 158).

The prevailing opinion of the Circuit Court of Appeals does not follow the reasoning of the Dis-

strict Judge. ~~As~~ we have seen the appellate court held that the word "represent" not "produce" covers photo-play rights.

The *Kalem* case did not affect or concern a contract, nor did this Court therein "judicially define" the word "perform" or hold that it included motion pictures, when used in a contract.

The Kalem Company—a naked infringer—sought to give a motion picture performance of "BEN HUR", which had been duly copyrighted as a novel, as well as the dramatization based thereon. The infringer defended its act by urging (a) that a motion picture performance was but a *series of pictures* of the incidents described in the book, and that neither the copyright of the novel nor the play included *photographs* of scenes or incidents found in the story; and (b) that the exhibition of the picture arranged upon a film which was, during all the time of its use, a part of a machine, was no infringement of the book copyright, nor a public performance or representation violative of the Dramatic Copyright Act.

This court held that the pantomimic performance of "BEN HUR" was a dramatization of the copyrighted work and violative of the author's exclusive right of dramatization.

There was no question presented of the construction of a contract, nor was there a judicial definition of the word "perform" or an adjudication that such word, when found in a contract, could only be narrowed by other language employed by the contracting parties to express a different intent.

The meaning of the word "produce" is not even referred to in the *Kalem* case.

The Circuit Court of Appeals, in the prevailing opinion, refers to the *Kalem* case as having been its authority in a previous case (*Klein v. Beach*,

239 Fed. Rep. 108) for holding "that the dramatic rights included motion picture rights, but such a conveyance of dramatic rights to have such meaning, cannot be narrowed by other limitations" (Rec. p. 162).

In *Klein v. Beach*, 239 Fed. Rep. 108, the exclusive right to dramatize a book for presentation "on the stage" was held to *exclude* the presentation by means of motion pictures (see contract set forth at length in 232 Fed. 242).

The only distinction between that contract and the one under discussion is in the use of the words "presentation on the stage". Every paragraph of the contract at bar bears the imprint of the words "presentation on the stage".

Respondent's license covers the acting rights of the play, as written by the author—that is, for English performances.

In England, a contract covering the "acting rights" is held *not* to include cinema rights, nor do the words "English performances", embrace them.

Ganthony v. G. R. J. Syndicate, Ltd.

Wyndham v. A. E. Huebsch & Co., Ltd.

("The Author", Vol. XXVI, No. 1, of Oct. 1, 1915, pages 16 and 17).

Cases relied upon by respondent in the Court below.

Frohman vs. Fitch, 164 A. D. (N. Y.) 231.

In that case, the late Charles Frohman employed one Clyde Fitch, in February, 1900, to write a play, to be delivered before January 1, 1901, under an agreement by which Fitch sold, assigned and transferred to Frohman the exclusive rights to produce the play in the United States and Canada, upon certain specified terms. The play was written, de-

livered and performed, and *fourteen years thereafter*—in 1914—after the death of Fitch, the licensee of the Fitch estate announced its intention of giving motion picture performances of the play. This threatened act was enjoined as a violation of the rights acquired by Frohman.

In *Lipzin v. Gordin*, 166 N. Y. Supp. 792, the contract contained no provision inconsistent with the grant of the right to produce the play in moving pictures.

In *Hart v. Fox*, 166 N. Y. Supp. 793, the plaintiffs were the *owners of the play* acquired from the executors of one McDowell, and licensed defendant to present the play in moving pictures for a fixed sum, which it was alleged had never been paid. The contest turned upon the sufficiency of proof respecting plaintiffs' ownership of the play.

Photo Drama Motion Picture Co., Inc., v. Social Uplift Film Corporation, 220 Fed. Rep., 448; *Klaw vs. General Film Co.*, 154 N. Y. Supp. 988, and *Universal Film Mfg. Co. vs. Copperman*, 212 Fed. Rep. 301, and *Liebler & Co. v. Bobbs-Merrill Co.*, 162 A. D. 900, have not the slightest bearing upon the question under discussion.

II.

The license was not the grant of a right in perpetuity, as was held by the Court below.

This question only becomes important in the event of the court not agreeing with our contention elaborated in the preceding point.

When the contract was made in 1912, *the play was still in manuscript*, and the parties were deal-

ing with respect to an uncopyrighted play. The contention of respondent is that this license is one *in perpetuity*, so long as he shall give seventy-five performances during each theatrical year.

The petitioner's contention is that the term of the license was for a period of five years (par. 3), meaning five *theatrical* years or seasons.

Grant v. Maddox, 15 Meeson & Welsby's Rep. 737.

The respondent urges that after he has complied with paragraph "third", then his rights are unending, unless he shall give less than seventy-five performances during a theatrical year.

Paragraph "fifth" of the contract supplements paragraph "third". The license was subject to the "terms, conditions and limitations" specified in the contract. The limitation was five years (par. 3). The *condition* was that seventy-five performances should be given each season during those five years, and the penalty for a breach of this condition is found in paragraph "fifth", namely, that all rights shall revert to the author.

These two paragraphs "third" and "fifth" should be construed together, and might properly have been combined in one section. As so construed, the obligation of the respondent was to produce, for a period of five years, with a penalty of forfeiture in case he failed to give the stipulated number of performances each year during the term.

In the absence of the penalty clause, a failure to perform would only vest in petitioner a right of action at law for damages for the breach—an illusory remedy.

Broadway Photoplay Co., Inc., v. World Film Co., 225 N. Y. 104.

The obligation to give seventy-five performances each season is provided for in paragraph "Third", therefore paragraph "Fifth" serves no purpose, unless construed as providing the *penalty* for a failure to give the required number of performances specified in paragraph "Third" during any theatrical year *of the term of the license mentioned in paragraph "Third"*.

III.

The judgment should be reversed, with instructions to grant the relief prayed for in the complaint.

Respectfully submitted,

DAVID GERBER,
WILLIAM J. HUGHES,
Counsel for Petitioner.

APPENDIX.

Opinion of District Judge Mayer.

UNITED STATES DISTRICT COURT,

SOUTHERN DISTRICT OF NEW YORK.

<p style="text-align: center;">J. HARTLEY MANNERS, Plaintiff,</p> <p style="text-align: center;">AGAINST</p> <p style="text-align: center;">FAMOUS PLAYERS-LASKY COR- PORATION, Defendant.</p>	}	<p style="text-align: center;">In Equity.</p>
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DAVID GERBER, of New York City, for plaintiff;
NATHAN BURKAN and ELEK J. LUDVIGH, both
of New York City, for defendant.

MAYER, *District Judge*:—

This is a suit to restrain the production and release of the motion picture "Peg O' My Heart" and the making of additions thereto and alterations thereof.

On January 19, 1912, plaintiff entered into a contract with one Morosco which was modified in certain particulars by a supplemental agreement dated July 20, 1914.

A litigation arose between the parties as to whether Morosco had acquired the motion picture rights and, in a suit brought by plaintiff against Morosco, the court dismissed plaintiff's bill, holding that Manners had conveyed these rights to

Morosco. The details of this controversy will be found in *Manners v. Morosco*, 254 Fed. Rep. 737; affirmed 258 Fed. Rep. 557.

Thereafter, the Supreme Court allowed a writ of *certiorari* and the cause is now on the calendar of the Supreme Court awaiting a hearing, a motion to advance having been opposed by Morosco and having been denied by the Supreme Court.

Under paragraph "Eleventh" of the supplemental agreement, *supra*, it was provided:

"ELEVENTH.—Said Morosco is hereby expressly authorized to lease, sub-let, assign, transfer, or sell, to any person or persons, firm or corporation, whatsoever, any of his rights acquired under said Original Agreement or this Supplemental Agreement; it being expressly understood and agreed that no such leasing, sub-letting, assignment, transfer, or sale shall in any way release or discharge said Morosco from his personal liability to pay to said J. Hartley Manners the royalties in amounts, manner, and at the time, as specified in said Original Agreement and in this Supplemental Agreement."

On December 14, 1918 (a day after the decree dismissing the bill against Manners was filed) Morosco granted to this defendant "the exclusive right to reproduce" "Peg O' My Heart" "in the form of motion pictures or of a photo-play and to publicly represent and cause to be represented such reproduction in the United States and Canada."

In view of *Manners v. Morosco*, *supra*, defendant, so far as appears from this record, is entitled to reproduce the play in motion pictures.

The pendency of the *certiorari* proceedings between Manners and Morosco does not in any man-

ner act as a stay in this suit between Manners and this defendant. The suggestion that the court, as matter of respect and courtesy, should wait until the Supreme Court shall have decided *Manners v. Morosco*, is not pertinent.

The production of a motion picture by these defendants will not render moot the question pending in the Supreme Court; for if the Supreme Court should reverse, Manners will have his appropriate remedies against Morosco and could make this defendant (if the picture were produced) respond to an appropriate accounting.

There is thus left for determination the question arising out of "Paragraph Seventh" of the agreement between Manners and Morosco, which reads as follows:

"No alterations, eliminations or additions to be made in the play without the approval of the author."

This paragraph is not only a part of the original agreement but, under the terms of the supplemental agreement with other paragraphs it was "in all respects ratified, confirmed and approved." It cannot be held, therefore, that this paragraph Seventh refers only to the spoken play but, on the contrary, it applies as well to a motion picture reproduction of the spoken play.

At the outset it is necessary to determine the proper construction of this paragraph. It is obvious that a spoken play cannot be literally reproduced on the screen. The screen must convey by pantomimic action and legends or concise statements, whether by way of narrative or dialogue, the subject matter and action of the play. Therefore, an alteration, elimination or addition which is faithfully consistent with the plan and sequence

of the play, cannot be held to be an alteration, elimination or addition prohibited under the Seventh paragraph without the consent of the author. On the other hand, the author and playwright, by virtue of the contract expressed in the Seventh paragraph, is entitled to the exercise of the veto by that paragraph secured, in respect of any part of the motion picture which constitutes, within the intent of the parties, an alteration, elimination or addition.

To illustrate: The scene in Westminster Abbey described in Arnold Bennett's "Buried Alive", might very well be a part of a motion picture, although eliminated in the spoken play known as "The Great Adventure".

Klein v. Beach, 232 Fed. Rep. at page 246.

Any person seeing the picture would realize that such a portrayal of Westminster Abbey would probably not be practicable in the spoken play and yet the Westminster Abbey scene might very well be not construed as an addition or alteration because of the reference to it in the dialogue of the play.

In the case at bar the scene of the play is confined to the Chichester house at Scarborough, England. The plot and incidents of the play are so familiar to the litigants and counsel that, in the interest of brevity, it is unnecessary to set them forth in this opinion.

Early in the play the fact of the death of Kingsworth, the uncle of the heroine, is made known and the solicitor also describes the provisions of Kingsworth's will. In the motion picture an imaginary scene is displayed in which Kingsworth is making his will and in which Jerry (Sir Gerald Adair), the hero of the play, and the solicitor are present.

One of the valuable features of the play is the mystery surrounding Jerry's identity and the fact that he is one of the executors of the Kingsworth will. This feature of surprise is eliminated from the motion picture, whereas in the play it is well concealed and the fact that Jerry is an executor does not become known until almost the end of the play.

The question before the court is not whether this order or sequence in the motion picture is as good or better than the order or sequence of the play. The point is that it is such an alteration as under the Seventh paragraph could not be made without the consent of the author. In the motion picture there would be no doubt in the mind of the audience from the start as to who Jerry is and there is very little doubt, if any, as to what will happen. One of the most important factors in any play is the suspense. To attain this method and result successfully involves one of the problems of play writing and not infrequently a play fails because the audience learns too early what the end will be and what part or relation each actor bears to the ultimate climax or denouement. This element of surprise has been admirably done in the spoken play by plaintiff and no doubt was one of the reasons contributing to the remarkable success of the play. A different situation might have been presented if the play opened in the manner devised by the plaintiff and if, in the course of the dialogue between the solicitor and the Chichesters, the screen had interpolated a scene showing the making of the will but eliminating Adair therefrom to such extent at least as would not disclose his identity.

In the motion picture the so called English-Irish controversy is emphasized quite out of proportion

to the references in the spoken play. In the play, Peg's references to her father are incidental to a portrayal of her own character and her devotion to her father. The play has no political purpose or significance. In the last analysis, it is a charming, clean love story with a whimsical, wholesome young girl as the heroine and a manly, aristocratic young Englishman as the hero. Indeed, plaintiff opens his play book with the quotation:

"Oh there's nothing half so sweet in life
As Love's young dream."

One of the contrasts developed in the play is that of a young girl whose father was of Irish birth and whose mother was English and who had lived part of her life in America, suddenly coming to the surroundings of an English home. This contrast is the means of introducing some of the comedy of the play and, naturally, some of its dramatic interest. In the play the girl comes from America. In the motion picture she comes from Ireland. This departure is adopted probably in order to give opportunity for the picture to display various scenes in Ireland. Some of these scenes are very attractive, especially the peasant scenes and would, no doubt, be pleasing to the spectator but most of them are foreign to the theme of the play and are in no way needed to illustrate the action of the play. Certain pictures are introduced which do not appear in the play and delay the action of the story. One of these is the scene of Peg with her tutor and the unnecessary introduction of a scene from Antony and Cleopatra.

It is impracticable to analyze the motion picture scene by scene and compare it with the spoken play. The writer of the scenario evidently had in mind the kind of presentation which pleases the

audience of a motion picture play and, to that end, departed from the sequential expeditious course of the spoken play.

To illustrate that it is not necessary to follow the play literally, I may observe that I should not regard the ballroom scene in the picture as in violation of paragraph Seventh. This scene which forms a pleasant picture, does not detract from the theme nor continuity of the story and, if anything, might be regarded as a helpful illustration.

But the point is that, in view of the fact that the parties contracted as set forth in the Seventh paragraph, there cannot be a substantial deviation from the *locus* of the play or the order and sequences of the development of the plot. If these substantial features are retained, then such pictures as may be necessary to explain the action of the play and as may be necessary in substitution for dialogue, may be entirely proper and not in violation of the Seventh paragraph.

The case is probably *sui generis* for doubtless in most contracts the producer will insist upon a reasonably free hand if he intends to reproduce the play in motion pictures.

For the reason, therefore, that the provisions of paragraph Seventh have not been adhered to, plaintiff is entitled to a decree restraining the production of the motion picture in question.

December 11, 1919.

RESPONDENT'S

BRIEF

No. 370

Office Supreme Court, U. S.
FILED

FEB 26 1920

JAMES D. MAHER,
CLERK

Supreme Court of the United States

OCTOBER TERM, 1919

J. HARTLEY MANNERS

Petitioner

against

OLIVER MOROSCO

Respondent

BRIEF ON BEHALF OF RESPONDENT

CHARLES H. TUTTLE
WILLIAM KLEIN

Counsel for Respondent



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SUPREME COURT OF THE UNITED STATES

J. HARTLEY MANNERS,
Petitioner,

v.

OLIVER MOROSCO,
Respondent.

No. 370.

BRIEF FOR RESPONDENT.

*On Writ of Certiorari to the United States Circuit
Court of Appeals for the Second Circuit.*

Statement.

The decree of the District Court, affirmed by the Circuit Court of Appeals, adjudged (p. 79).

- (1) That the bill be dismissed on the merits;
- (2) That the rights granted to the respondent (hereinafter called the defendant) under the contracts between the parties are not limited in duration to the period of years or seasons specified in paragraph Third of the contract of January 19, 1912; and
- (3) That these rights include the motion picture rights to the play entitled "Peg O' My Heart."

*Statement of Facts.***Nature of Action.**

The bill of complaint purports to set forth two causes of action:

First, for threatened infringement of the petitioner's copyright in this play, obtained in July, 1918. The bill charges that the defendant intends to give motion picture representations of the play (fols. 6-36).

Second, for a threatened, unauthorized use of the play both on the stage and in motion-picture form (fols. 36-93).

The relief demanded is that the defendant be restrained—

(1) From playing, producing, or controlling in any manner, "Peg O' My Heart;" and

(2) From manufacturing or presenting any motion picture based upon "Peg O' My Heart" (fols. 94-100).

Notwithstanding the extraordinary extent of the complaint and the array of subsidiary charges which it marshals, the petitioner's claims have, upon the trial and the brief, boiled down to the interpretation of the two contracts which it sets forth: one dated January 19, 1912 (fol. 38), and the other dated July 20, 1914, modifying the former (fol. 55).

The claims which the petitioner (hereinafter called the plaintiff) presses are, in substance, three:

1. The defendant's rights under these contracts terminate automatically, with the period of dram-

Statement of Facts.

atic seasons mentioned in paragraph Third of the earlier contract.

2. If this be so, this period terminates with the season of 1917-8, and not with the season of 1918-9 (fols. 163 *et seq.*).

3. The producing rights which the defendant has by virtue of these contracts, do not include production in motion picture form.

The defendant claims in accordance with the judgment of the courts below.

Statement of Facts.

The plaintiff is a playwright and the author of the play, "Peg O' My Heart." On January 19, 1912, he and the defendant entered into a contract whereby, for continuing considerations, he granted to the defendant, without any declared limitation of time (fol. 41).

"the sole and exclusive license and liberty to produce, perform and represent the said play in the United States of America and the Dominion of Canada."

This contract reads as follows (fol. 38-50):

"*Agreement* made and entered into this nineteenth day of January, one thousand nine hundred and twelve between J. Hartley Manners of the City, County and State of New York, party of the first part, and Oliver Morosco, of the Burbank Theatre, Los Angeles, California, party of the second part,

Witnesseth:

"Whereas the party of the first part is the

Statement of Facts.

sole and exclusive author and owner of a certain dramatic composition at present entitled 'Peg O' My Heart' and

"Whereas, the party of the second part wishes to obtain the exclusive right and license to produce, perform and represent the said play in the United States of America and the Dominion of Canada.

"Now, therefore, in consideration of the premises and of the mutual covenants and promises of the parties of these presents hereinafter contained and in consideration of the sum of one dollar, lawful money of the United States, this day by each of the parties hereto to the other in hand paid, the receipt whereof is hereby reciprocally acknowledged, and for other good, valuable and adequate consideration it is hereby understood, covenanted and agreed by and among the parties to the agreement as follows:

"*First.*—The party of the first part hereby grants and by these presents hereby does grant to the party of the second part subject to the terms, conditions and limitations hereinafter expressed, the sole and exclusive license and liberty to produce, perform and represent the said play in the United States of America and the Dominion of Canada.

"*Second.*—The party of the second part in consideration of such grant hereby agrees to pay to the party of the first part the sum of five hundred (\$500.00) dollars upon the signing and execution of this agreement, the receipt whereof is hereby acknowledged, and which sum shall be in advance of the royalties to accrue to the party of the first part under this agreement, and it is not to be returned to the party of the second part under any circumstances whatsoever, but is to be credited as the payment of the first royalties

Statement of Facts.

as hereinafter provided, if the said play shall be produced by the said party of the second part under this agreement.

"Third.—The party of the second part agrees to produce the play not later than January first, 1913, and to continue the said play for at least seventy-five performances during the season of 1913-1914, and for each theatrical season thereafter for a period of five years.

"Fourth.—The party of the second part further agrees to pay to the party of the first part not later than the first Wednesday following each and every week during which a performance of the said play shall have been given further sums as royalties, as follows:

"Five per cent. (5%) of the first four thousand five hundred (\$4,500) dollars gross weekly receipts; seven and one-half (7½%) per cent. on the next two thousand (\$2,000) dollars gross weekly receipts; and ten (10%) per cent. on all sums over that amount of six thousand five hundred (\$6,500) dollars gross weekly receipts—which said sum of money, together with certified box-office statements, the party of the second part agrees to send to the party of the first part.

"Fifth.—The said party of the second part further agrees that if during any one theatrical year, such year to begin on the first day of October, said play has not been produced or presented for seventy-five performances, then all rights of the said party of the second part shall cease and determine and shall immediately revert to the said party of the first part.

"Sixth.—It is further agreed that the said party of the second part shall present the said

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play in first class theatres with a competent company, the said company to be mutually satisfactory to both the parties to this agreement, and with Miss Laurette Taylor in the title role of 'Peg O' My Heart' and that the play will have a production in New York City and will be continued on the road with Miss Taylor in the part of 'Peg' for at least one season or longer if considered advisable by both parties to this agreement.

"*Second.*—No alterations, eliminations or additions to be made in the play without the approval of the author.

"*Eighth.*—The rehearsals and production of the play to be under the direction of the author.

"*Ninth.*—The name of the author to appear on all advertising, reading and printed matter used in connection with the play.

"*Tenth.*—The author to have the right to print and publish the play, but this right is not to be exercised by the author within six months after the production of said play in New York City unless the written consent of the manager has first been obtained.

"*Eleventh.*—Said manager does hereby agree that he will not lease, sub-let, assign, transfer or sell to any person or persons, firm or corporation, any of his aforesaid rights in and to the said dramatic composition or play without the written consent of said author has first been obtained. Should the play fail in New York City and on the road it is agreed between both parties it shall be released for stock.

"*Twelfth.*—Whenever the play is released for stock the royalties received from the Stock

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Theatres to be divided equally between the party of the first part and the party of the second part.

"Thirteenth.—This agreement is binding upon the parties hereto, upon their heirs, executors assigns, administrators and successors.

"In witness whereof the parties hereto have hereunto set their hands and seals the day and year first above written.

"In the presence of:

"J. HARTLEY MANNERS (L. S.)

"OLIVER MOROSCO (L. S.)"

Following the signature of the parties, the contract bore the following addendum (fol. 51):

"It is further agreed that after Miss Taylor shall have finished her season in 'Peg O' My Heart' as provided for in this contract, her successor in the role of 'Peg' for any subsequent tour shall be mutually agreeable to both parties to this contract.

"J. HARTLEY MANNERS,
"OLIVER MOROSCO."

According to plaintiff's testimony, at the time of the execution of this contract the accepted theatrical season would begin about October 1st, and "would run into May" (fol. 181).

On July 20, 1914, the parties entered into a modifying agreement, whereby arrangement was made for productions without Laurette Taylor in the star part, and for the production of the play with more than one company; the defendant was permitted to lease, sub-let, assign, transfer or sell

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to anyone any of his rights under either contract; and provision was made for determining by reference to the former contract the issue between the parties as to the ownership of the motion-picture rights. This agreement reads as follows (fols. 55-70) :

"Whereas J. Hartley Manners, of the City, County and State of New York, party of the first part hereto, and Oliver Morosco, of Los Angeles, California, party of the second part hereto, have heretofore entered into an agreement, dated January 19, 1912, (hereinafter called 'Original Agreement') a copy of which is hereto attached and by the express reference thereto made a party hereof; and controversies have arisen and now exist between the parties hereto with reference to the meaning of said Original Agreement, and the parties hereto desire to settle and adjust said controversies, and to change said Original Agreement as hereinafter set forth;

"Now, therefore, in consideration of the premises, and good and valuable consideration moving from each of the parties hereto to the other, the receipt whereof by the parties hereto is hereby respectively acknowledged the parties hereto do hereby enter into this Supplemental Agreement:

"First.—The parties hereto do hereby settle and adjust all of said controversies.

"Second.—Said Original Agreement, except as by this Supplemental Agreement changed, is hereby in all respects ratified, confirmed and approved.

"Third.—Paragraph 'Sixth' and 'Eighth' of said Original Agreement, and also the addendum or postscript to said Original Agreement

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(which addendum or postscript bears the signature of said Manners and said Morosco) are each and all hereby cancelled and eliminated from said Original Agreement.

"Fourth.—There shall be and there is hereby added to said Original Agreement, the following, to be designated as new paragraph 'Sixth' thereof:

" 'Said Morosco may, contemporaneously, and from time to time, as long as this contract is in force, produce, perform and represent said play "Peg O' My Heart," with or in as many companies in the United States and Canada as he, the said Morosco may, in his sole discretion, deem proper, and it is further agreed that Laurette Taylor (Laurette Taylor Manners) need not be engaged to appear and need not appear in the title role or star or principal part, or any other part in any of said companies, and that the said Morosco need in no way consult or confer with the said J. Hartley Manners respecting the star, the cast, the featured member or members of the cast, the rehearsals, or production of said play by any of the said companies—of all of which the said Morosco shall have, and is hereby given, sole and exclusive charge and control.'

"Fifth.—There shall, and there is hereby, added to said Original Agreement, to be known as new paragraph 'Sixth-a' the following:

" 'Said Morosco shall use reasonable efforts to direct that all advertising matter in the United States and Canada shall contain a reference to the fact that said Laurette Taylor was the creator of the role of "Peg" in said play; it being the intention of this provision that said Morosco shall use reasonable en-

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deavors to have said Laurette Taylor's name featured in the manner above indicated, but it being expressly understood and agreed that said Morosco shall have the unlimited right and privilege to feature star, and advertise any other person or persons appearing or to appear in any of said companies, in any manner that he, said Morosco, shall deem fit or proper.'

"Sixth.—There shall be, and there is hereby added to paragraph 'Fourth' of said Original Agreement, the following provision:

'The royalties herein specified shall be paid to the said Manners by said Morosco at the rate herein set forth, for every company performing the said play of "Peg O' My Heart" in the United States or Canada, under the management of said Morosco, under said Original Agreement or this Supplemental Agreement.'

"Seventh.—It is further agreed that paragraph 'Eleventh' of said Original Agreement shall be, and the same is hereby, amended so as to read as follows:

"'Eleventh.—Said Morosco is hereby expressly authorized to lease, sub-let, assign, transfer, or sell, to any person or persons, firm or corporation, whatsoever, any of his rights acquired under said Original Agreement or this Supplemental Agreement; it being expressly understood and agreed that no such leasing, sub-letting, assignment, transfer or sale shall in any way release or discharge said Morosco from his personal liability to pay to said J. Hartley Manners the royalties in amounts, manner, and at the time as specified in said Original Agreement and in this Supplemental Agreement.'

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"Eighth.—It is further agreed that paragraph 'Twelfth' of said Original Agreement shall be and the same is hereby amended, so as to read as follows:

" 'Twelfth.—Said play "Peg O' My Heart" may be released for stock in the United States and Canada, during the time that this contract is in force, whenever the net amount realized from all the companies producing the play in any one theatrical season shall yield a net profit of less than two thousand (\$2,000) dollars. Whenever the said play is released for stock company or companies, the royalties received from the stock theatres shall be divided equally between the said J. Hartley Manners and said Morosco as and when received by said Morosco.'

"Ninth.—It is further agreed that during the period of four years from and after the date hereof neither party hereto shall or will, without the written consent of the other party hereto first had and obtained, directly or indirectly, produce, represent, or exhibit, or permit, allow or suffer to be produced, represented, or exhibited, or sell, lease, give or transfer, any permission privilege or right to produce, represent or exhibit, the said play by cinematograph or motion or moving pictures in the United States or Canada. It is further expressly understood and agreed that after the expiration of said four-year period, the rights whatever they may be of either said Morosco or said J. Hartley Manners, to directly or indirectly produce, represent or exhibit, or permit, allow or suffer to be produced, represented or exhibited, or sell, lease, give or transfer, any permission privilege or right to produce represent or exhibit the said play by cinematograph or motion or moving

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pictures in the United States or Canada shall be such as said Morosco and said J. Hartley Manners shall respectively be legally entitled to under and pursuant to the terms of said Original Agreement to the same extent and with the same effect as though this Supplemental Agreement had not been entered into. This provision is not to be construed as a recognition by either party hereto that the other had under the Original Agreement, or has, under this agreement, the right to give or authorize the giving of cinematograph or motion or moving pictures of said play.

"Tenth.—The said J. Hartley Manners and the said Morosco hereby forever mutually release the one the other from any and all claims and demands which either one now has or asserts, or might have or assert, against the other, for or on account of any alleged violation of said Original Agreement on the part of either of the parties hereto, prior to the execution of this Supplemental Agreement; provided, however, that said Morosco shall and will pay to said J. Hartley Manners, on or before July 31st, 1914, any and all unpaid royalties which said J. Hartley Manners shall be entitled to receive from said Morosco under said Original Agreement and this Supplemental Agreement.

"In witness whereof, the parties hereto have hereunto set their hands and seals, in original duplicate, at the City of New York, this 20th day of July, 1914.

"J. HARTLEY MANNERS (Seal).
"OLIVER MOROSCO (Seal)."

After the execution of this agreement the defendant organized a number of different com-

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panies, and gave performances of the play in various portions of the United States and Canada. From all these productions the plaintiff received the large stipulated royalties upon the gross weekly receipt, which necessarily amounted to a very large sum of money, since the net profits of the play in no one theatrical season have been less than \$2,000 (fol. 126).

When the season of 1917-1918 expired, the plaintiff claimed that the defendant no longer had any interest in any of the producing rights, and brought the present action to restrain his further production of the play, both on the stage and in motion-picture form.

FIRST POINT.

The judges below were right in their unanimous holding that the agreement of Jan. 19, 1912, as modified by the agreement of July 20, 1914, did not terminate by self-limitation at the end of the six theatrical seasons referred to in paragraph third of the former agreement.

The contrary contention although prominently featured by the plaintiff in the courts below is but faintly argued here and is relegated to a page and a half, at the back of the brief (p. 24). Logically however, it should be argued first, because if all rights under the contracts have expired, disputation as to what they included is idle.

On this issue little can profitably be added to

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what has unanimously been said in the opinions below (fols. 462-5, pp. 160-1).

A.

The contract as modified was not an agreement for personal services or for a naked license, but was a contract of bargain and sale, whereby property was granted and conveyed.

One who sells for a price all the production rights in a play does more than give a license or a personal privilege. He conveys property which, though intangible, is none the less of value and the subject of proprietorship, for what is there in a play outside of the two rights to publish and produce it? As said in *Frohman v. Fitch*, 164 App. Div. (N. Y.), 231, 233:

"The contract as we have seen, gave to the plaintiff the 'exclusive right to produce or to have produced the said play in the United States of America and in Canada.' This exclusive right was to protect the plaintiff *in the property* which he had purchased. *That the plaintiff's rights under the contract constituted property cannot be questioned.*"

Indeed, the fallacy of the opposite view was well and successfully answered by the plaintiff's own learned counsel, when in *Frohman v. Fitch* (*supra*), arguing for the very point which in this case the courts below have sustained, he wrote (see Mr. Gerber's reply brief in the *Frohman case*, page 1):

"The defendant's entire argument rests upon the mistaken theory that it [the granted right of production] was simply a license to produce the play, which Frohman secured, and

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not a sale or assignment of the exclusive right to produce."

It goes without saying that where property is conveyed, the conveyance is presumed to be absolute and not revocable at will or for a temporary period, in the absence of clear words of limitation (*Western Union Telegraph Co. v. Pennsylvania Co.*, 129 Fed., C. C. A., 849, 867, 862).

B.

Paragraph Third of the original contract (fol. 43) was not a grant by the plaintiff, but a covenant by the defendant. It was a statement of the least that the defendant was to do, not of the most that he was to have.

If the contract had left the defendant entirely free to determine whether and to what extent the play should be produced, it would by the same token have left the plaintiff without the assurance of a *bona fide* and sustained attempt on the part of the defendant to make the play successful, and hence would have deprived the plaintiff of any security for the very substantial stipulated royalties.

Consequently, the agreement provided in paragraph Third that the defendant should be bound to produce the play for at least seventy-five performances in a season for a certain number of theatrical seasons.

It does not follow that because the defendant undertook to give at least seventy-five performances in each season for a certain number of seasons that thereafter he would have no right to give any performance in any season.

Paragraph Third fixes a minimum, not a maximum.

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It was not a limitation in point of time upon the duration of the property rights conveyed by paragraph First. Both paragraphs are entirely consistent; and the fact that the defendant was to receive an absolute transfer of the production rights, subject to the condition subsequent expressed in paragraph Fifth, was in no way incompatible with an undertaking on his part that for a specified period he would guarantee to exercise those rights to a specified extent.

C.

The limitation of time expressed in paragraph Fifth excluded the implication of any other limitation of time.

The original agreement *does* undertake to provide a limitation of time, *and only one*—but one not measured by any fixed period of years. This limitation is found in paragraph Fifth, which reads (fol. 45):

“The said party of the second part further agrees that if during any one theatrical year, such year to begin on the first day of October said play has not been produced or presented for seventy-five performances, then all rights of the said party of the second part shall cease and determine and shall immediately revert to the said party of the first part.”

It is not claimed that the defendant has not presented seventy-five performances of the play in each theatrical season. Indeed, the very contrary is asserted (fols. 71-5).

The plaintiff, therefore, is unhorsed by the maxim *expressio unius est exclusio alterius*. (*Norfolk & N. B. Hosiery Co. v. Arnold*, 64 N. J. L., 254,

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258.) Having given a grant which was to continue as long as the defendant gave seventy-five productions a year (except that, in the event of unprofitableness, the play could be produced in stock, fol. 49), he cannot now substitute a fixed limitation of specified years. (*Hart v. Cort*, 83 Misc., N. Y. App. Term, 44, 46.)

As held by the General Term of the Common Pleas in *Cree v. Bristol*, 12 Misc., 1:

"An express provision in a contract for forfeiture of rights under it precludes an implication of other cause of forfeiture."

D.

The plaintiff's claim that under our construction paragraph Fifth of the original contract has no meaning or usefulness, is mistaken.

Paragraph Third constitutes an affirmative obligation on the part of the defendant to produce for at least seventy-five performances during each of the six theatrical seasons therein mentioned (fol. 43). If this affirmative obligation were broken, its breach would give the plaintiff a cause of action at law for damages and a defense to any action which the defendant might undertake against him for dereliction on his part. On the other hand, paragraph Fifth expresses, not an affirmative obligation on the part of the defendant, but a right of reversion on the part of the plaintiff.

These two paragraphs give to the plaintiff a double measure of remedies during the period of six seasons mentioned in paragraph Third; and thereafter, when the defendant's affirmative obligation under paragraph Third has expired, para-

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graph Fifth still preserves to the plaintiff a right of recapture in case the defendant shall fail to exploit the possibilities of success for their joint benefit. It is altogether evident that the defendant was unwilling to undertake an affirmative and positive obligation to produce at least seventy-five performances a season after the expiration of the six seasons mentioned in paragraph Third, but was willing, if he failed to do so, to allow the plaintiff to retake the rights granted.

In reality it is the plaintiff's construction which leads to a superfluity and redundancy of provision, for if it be true that paragraph Fifth is merely the "penalty" or "remedy" for a breach of paragraph Third, then why were these two matters placed in separate and separated paragraphs, and why did the parties not simply say that if the defendant should fail to comply with paragraph Third, his interest in the production rights should terminate.

Were not these two separate and separated paragraphs used because the parties foresaw that the success of the play might outrun the period which the defendant was willing to guarantee, and yet they desired to continue for such additional period of success exploitation by the defendant for their joint benefit, and because they perceived that by continuing the remedy of forfeiture they would place the defendant under a continuing inducement while relieving him of the guarantee, and at the same time preserve the plaintiff's rights if the inducement proved insufficient?

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E.

The provision for releasing the play for "stock," shows the continuous character of the grant.

The entire harmony of paragraphs First and Third and the purpose of the parties that the defendant's rights should not be limited to any definite period, are further emphasized by the provisions of paragraph Eleventh that should the play fail in New York City and on the road, it might thereupon be "released for stock" (fol. 49), *i. e.*, its production rights let out to stock companies, with an equal division of the royalties between plaintiff and defendant (Par. Twelfth, fol. 49). As the court knows, and as the evidence makes plain, stock theatres are not "first class theatres," and thus are not among the class of theatres wherein, by paragraph Sixth, the defendant agreed to produce the play as long as its success continued (fols. 214-7). Paragraph Eleventh, therefore which is unlimited in duration, is proof that the parties contemplated production by the defendant after the period mentioned in paragraph Third.

F.

Furthermore, the contract of modification constituted a plain recognition by both parties that the original contract was not limited to the period mentioned in paragraph Third, and that the only question which was to be considered open after July 20, 1918, was whether that contract carried the motion picture rights.

Paragraph "Ninth" (fol. 66) of the modified agreement leaves no shelter for a doubt that the parties viewed the production rights as continuous

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and that after the expiration of the four years referred to in that paragraph, the only open question would be as to whether the production rights continued to include the motion picture rights.

According to paragraph "Ninth" during the period of four years expiring July 20, 1918, the original contract was still in force as a conveyance of all the production rights, but neither party during that period could produce the play in motion picture form without the consent of the other; and after the expiration of four years the question of title—not to the production rights as a whole—but to the motion picture rights should be determined "under and pursuant to the terms of said original agreement."

We ask our learned adversaries, therefore, how is it that if, as they claim, by virtue of the original contract, *all* the production rights of the defendant were to cease on or before July 20, 1918, the supplemental contract provided for a method of determining the ownership of the motion picture rights for the future after that date?

Why was there no question as to the status thereafter of the production rights except in the single matter of motion picture rights?

Why make the elaborate provisions for a settlement of the future ownership of the motion picture rights, if the original contract (through which alone the defendant could own any producing rights at all) did not continue?

Plainly the parties contemplated that after July, 1918, this original contract would still continue to be a source of producing rights and the arbiter of

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the issue as to whether a specified class of producing rights was included therein. It would be absurd to suppose that either party would leave his future rights "under" a contract to be determined by a contract believed to expire before the period when the rights were to exist. It is nonsense to speak of being "legally entitled" to rights "pursuant to the terms of" a non-existing contract.

If the plaintiff had at that time even dreamed that the original contract would terminate at a definite time by self-limitation, then, in the making of these many amendments, was the time for him to speak, lest third parties should be misled and lest such a broad conveyance of proprietary rights and such unlimited arrangements for future production as is contained in the modified contract should be misconstrued.

G.

The modified contract also shows that the defendant received not a mere personal privilege, but property rights which the parties did not intend should expire by self-limitation at the end of the period referred to in paragraph Third of the original contract.

Even in the original agreement provision was made for a transfer and devolution of the defendant's rights. Thus, paragraph Thirteenth of the original agreement provided that, "This agreement is binding upon the parties thereto, upon their heirs, executors, assigns, administrators and successors" (fol. 50); and paragraph Eleventh expressly permitted the play "to be released for stock,"—a step which, necessarily, consisted of an assignment of the production rights to stock managers for production by stock companies.

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The modified contract, in its turn, wiped out the last restriction upon the usual rights of proprietors, for it expressly allowed the defendant to sub-let, assign or convey any part of his rights (fol. 63); expressly expunged the limitation of production on the stage to a company in which Laurette Taylor had the title role; and expressly eliminated the restriction on stage production to a single company (fols. 58-62).

Thus, the modified contract constitutes an out-and-out unrestricted sale of the production rights, except as they might be forfeited through non-user by the defendant.

The mere provision that an agreement for production rights should be binding upon the parties' heirs, executors, etc., led Judge Hand in *Photo-Drama Motion Picture Co. v. U. Film Corp.* (213 Fed., 374, affirmed 220 Fed., 448) to hold that a conveyance of motion picture rights was "an assignment" and not a mere "license."

H.

Any construction of the contract as modified, whereby it would be limited to the period of seasons mentioned in paragraph Third of the original agreement, would be harsh and oppressive of the defendant.

Even without such construction the contract bore heavily upon the defendant. At the time it was made, the play was a mere speculation. It had not been subjected to the acid test of public representation. The bargain which the plaintiff drove not only threw upon the defendant the entire cost of producing the play and placing it before the public, but also the entire burden of such losses as might occur; while at the same time it

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compelled the defendant to pay heavy royalties—not out of the net profits—but out of the gross weekly receipts, according to a sliding scale ranging from five to ten per cent. In short, even though the defendant made nothing or even lost money, the plaintiff was guaranteed a substantial fraction of every dollar received at the box-office.

The plaintiff now has the hardihood to claim that, in addition, the contract gave him the right to deprive the defendant of both the play and the rewards of hard-won success while such success was its very zenith, and to take over and exploit for himself alone the entire investment which the defendant had made of his time, money and professional reputation.

So harsh an interpretation must be rejected in favor of one which, recognizing the joint interest which both parties had in a continuous, successful management by the defendant, perceives that the parties intended to prolong such management until time made further production unprofitable, and then to continue the play, not by reversion to the plaintiff, but by lease to managers of stock companies for the joint benefit of the plaintiff and the defendant (fols. 49, 212-6).

I.

Quite apart from the special features and circumstances already discussed, the absolute character of this grant as not limited to any fixed period of years would follow as a matter of law.

As said in 6 *Ruling Case Law*, Section 281:

“Apart from contracts which, from their inherent nature, imply a power of revocation, it would seem that the intention of

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parties to an agreement, that it should be perpetual and without limit as to duration, could not be more properly expressed than by silence as to any time limit, or power of revocation. Although there appears to be some authority to the contrary, the rule seems to be that where no limitation is expressed in the agreement, neither party can terminate it without the consent of the other, unless the nature of the contract itself indicates with sufficient clearness that the parties must have intended some other determination."

In *Western Union Telegraph Co. v. Pennsylvania Co.*, 129 Fed., C. C. A., 849, it was held (p. 861):

"If a contract is not revocable at the will of either party, or otherwise limited as to its duration, by its express terms, or by the inherent nature of the contract itself, with reference to its subject-matter or its parties, it is presumably intended to be permanent and perpetual in the obligation it imposes."

In *McKell v. Chesapeake & O. Ry. Co.*, 175 Fed., C. C. A., 321, it was held (p. 329):

"No limitation is expressed in the agreement. And in such case the rule seems to be that neither party can terminate it without the consent of the other, unless the nature of the contract itself indicates with sufficient clearness that the parties must have intended some other determination."

In this connection, there are also two other rules of construction which are pertinent and helpful. The first is that stated in *White v. Hoyt*, 73 N. Y., 505 (p. 511):

"If the words of the promise may have been

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used in an enlarged or restricted sense, they will, in the absence of circumstances calling for a different interpretation, be construed in the sense most beneficial to the promisee."

The second rule is that stated in *Duryea v. Mayor*, 62 N. Y., 592 (p. 597) :

"It is a general rule that exceptions and restrictions are to be construed strictly against the grantor and are not to be extended beyond the fair import of the language expressed, except by necessary implication."

J.

Even if the contract as modified is to be limited to the period of seasons mentioned in paragraph Third of the original contract, the action must fail because premature. That period does not expire until the season of 1918-1919.

In his complaint and on the trial, the plaintiff claimed that the period mentioned in paragraph Third expired with the season of 1917-1918 (fols. 73, 163).

Not merely by juxtaposition, but by their very sense, the words "for a period of five years" relate and give definitional limitation to the words "for each theatrical season thereafter;" and the word "thereafter" necessarily means after the season of 1913-1914. In other words, the defendant was to give at least seventy-five performances in the season of 1913-1914 and at least seventy-five performances in each theatrical season thereafter for a period of five years.

SECOND POINT.

The contracts between the parties conferred upon the defendant as part of the production rights, the right to produce the play in motion picture form.

A.

The argument with which plaintiff's brief opens (p. 5), that the defendant's claim to the film rights is "belated," because he made no effort to use the motion picture rights prior to the 1918-19 season, is neither candid nor true.

The plaintiff's counsel must know that the modifying agreement of July 20, 1914, provided a truce of four years in the controversy which had *even then* arisen as to the motion picture rights, for it stipulated that until July 20, 1918, neither party should exercise those rights "without the written consent of the other" (fols. 66-8).

Hence, so far from the defendant's claim being "belated," it arose almost immediately; and the fact that not until after the season of 1917-18, did the defendant make any "effort to use the play for motion picture purposes," proves nothing but his scrupulous observance of the plighted truce,—a truce in the interest of both parties, because motion picture production speedily kills production upon the stage (fols. 217-220).

The plaintiff's brief constantly harps on the fact that during this period of truce the defendant sent out a large number of companies. Of course,—and if the defendant profited thereby, the plaintiff did so the more, because he got his large percentage not upon the net but upon the *gross* weekly receipts (fol. 44). The plaintiff admits receipt of at least \$214,000 in royalties (fol. 24),—and this

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without putting up a dollar or assuming any liability for losses!

B.

The granting clause of the contract of January 19, 1912, conveyed all the production rights.

The granting clause of the contract of January 19, 1912, reads as follows (fol. 141):

"First.—The party of the first part [the plaintiff] hereby grants and by these presents hereby does grant to the party of the second part, subject to the terms, conditions and limitations hereinafter expressed, the sole and exclusive license and liberty to produce, perform and represent the said play in the United States of America and the Dominion of Canada."

(1) This grant, it will be observed, was, as even Judge Ward conceded (p. 164), "large enough to cover" the production rights in picture form. It was absolute and all-inclusive, for two reasons: (a) It conveyed all the producing rights, without exception; and (b) the right conveyed was "exclusive" of all other producing rights. The rights conveyed could not be all the producing rights and be exclusive, and at the same time leave in the plaintiff the right to compete by producing the play in motion picture form. To quote the plaintiff's own testimony (fols. 217-220):

"Q. Does a motion picture performance compete with a performance of the same play in spoken drama? A. I consider it to be a great handicap.

"Q. What are the usual prices charged in motion picture theatres for admission? A. As low as five cents.

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"Q. And what effect has a motion picture performance of a play upon the production of the same play in spoken drama in the same city? A. It would be a most serious handicap to have the same play done in pictures at ten cents when you are presenting it at \$2.00 in the theatre."

The subsequent "terms, conditions and limitations" expressed no reservation or exclusion of the motion picture rights; and, both in consequence and inherently, these rights are a part of and incident to the entire body of production and representation rights which, with redundant exclusiveness and comprehensiveness, are conveyed by this grant from the plaintiff to the defendant. The motion picture rights can be deemed to be unaffected, only upon the assumption that to "produce" or "represent" the play in motion picture form is not to "produce" or "represent" the play—a contradiction in terms and a destruction of the plain meaning of language, which the courts have invariably refused to tolerate in innumerable identical cases.

Indeed, the learned attorney for the present plaintiff placed himself successfully on record in *Frohman v. Fitch*, 164 App. Div., 231, against the attempt to make any such distinction; and in his brief in that case argued as his first proposition (p. 5):

"A motion picture performance is a stage *representation* of the play, and violative of the rights of an owner of the *exclusive* right of production."

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In the course of his printed argument under this head, he said (p. 6) :

"The pantomimic performance before the camera is a carefully rehearsed production of the play, telling the same story in the same way as told by Mr. Frohman's company, with similar scenes, costumes and stage accessories. This pantomimic performance is reproduced in motion picture theatres, by means of a projecting machine, reproducing, upon the screen, the performance precisely as given before the high speed camera. The camera, the projecting machine and the screen are but accessories to the reproduction of the pantomimic performance given by the company, with scenery and costumes."

And again (p. 19) :

"If the author intended to except from this broad, absolute sale of the exclusive right of performance, the right to perform the play in motion picture theatres, it was necessary to expressly provide for such exception on reservation. If a representation, by means of motion pictures, is a production of the play, then it violates the exclusive 'right to produce' sold to plaintiff unless expressly reserved or excepted from the sale."

And the same learned attorney for the present plaintiff in *Kalem Co. v. Harper Bros.*, 222 U. S., 55, arguing that a motion picture of a play was a dramatic representation thereof, carried this Supreme Court of the United States with him when he said in his brief (p. 29) :

"Is that anything but a dramatization of a novel and a production thereof, by a company of actors, before the camera, followed

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by a stage representation? * * * It is a shallow fallacy to contend that defendant has simply taken photographs or pictures of the various characters and scenes of the books."

(2) The comprehensive force of the word "*exclusive*" when used in a conveyance of dramatic rights, and its clear purpose to prevent competitive production, has been well stated in *Photo-Drama Motion Picture Co. v. Social Uplift Film Corporation*, 213 Fed., 374, affirmed 220 Fed., C. C. A., 448. There, Judge Hand, in discussing the contract, said (p. 376):

"I cannot think that there is any doubt of the intention of this language to create an assignment of *all the dramatic rights which Kauffman had*. The test is whether anything remained in him. I can see nothing which could remain after the use of the words '*exclusive leasing*,' except the right personally to perform any drama which might be made from the book, or the right personally to present in moving pictures any scenario. *It would be absurd to suppose that Kauffman meant to retain the right to compete, certainly as regards moving pictures.*"

(3) The word "represent" is peculiarly appropriate to a motion picture representation of a play. As well said by Judge Manton (p. 161):

"Ordinarily one may 'produce or perform' a spoken play upon the stage, but 'to represent' seems to be peculiarly appropriate to a motion representation of a play."

Section 4952 of the Revised Statutes of the United States gave the author of a dramatic com-

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position not only the sole right of printing it but also the sole right

"of publicly performing or *representing* it or causing it to be performed or *represented* by others."

This section was originally enacted in 1891 before motion pictures were invented; and yet the Supreme Court of the United States in *Kalem Co. v. Harper Bros.*, 222 U. S., 55, held that a motion picture representation of "Ben Hur" was an infringement of the author's copyright, since it was a representation of the story dramatically.

In *Daly v. Palmer*, 6 Blatchf., 256, 6 Fed. Cas., page 1132, Case No. 3552, Judge Blatchford defined a pantomime as a "theatrical entertainment in which the whole action is *represented* by gesticulation, without the use of words," and speaking of "the railroad scene," said:

"Those parts of it *represented* by motion or gesture without language are quite as much a dramatic composition as those parts of it which are represented by voice."

(4) Furthermore, unquestionably the grant of an exclusive right to produce, perform and represent a play purports a grant of the exclusive dramatic rights, and the "dramatic rights include motion picture rights," unless that meaning is narrowed by the addition of other words. Before the present contract was made dramatic rights had acquired that definite and judicially determined meaning by virtue of *Kalem Co. v. Harper Bros.*, 222 U. S., 55, 61. If the parties to the present contract intended this form of grant to have any less

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meaning, language was available to reveal that intent.

It is inconceivable that if the parties had intended to reserve to the plaintiff the right to production in the then well-known motion picture form and thus to compete with the rights granted, no expression of that reservation would have been made, in the face of a grant in language comprehensive of all producing rights and judicially interpreted to include the picture rights.

The parties must be deemed to have acted with knowledge thereof and to have intended to deal according to the existing law and to grant the motion picture rights unless they were expressly reserved (23 *Cyc.*, 1101; *Slocovich v. O. M. I. Co.*, 108 N. Y., 56). Since the date of that decision, counsel for authors have fully understood the law and the practice has been, where reservation was intended, to express the intent. For example, in *Tully v. Triangle Film Corporation*, 229 Fed., 297, the contract for the play, "The Bird of Paradise," expressly reserved "the right to produce and present the same in motion picture photo-play form."

C.

In addition to the breadth of the granting clause itself, there are other provisions in the agreement which prove incontestably the mutual intent to convey the entire right to place the play before the American public in any form.

(1) Thus, the two recitals express this intent beyond the possibility of doubt (Complaint, fol. 42):

"Whereas the party of the first part is the sole and exclusive author and owner of a cer-

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tain dramatic composition at present entitled 'Peg o' My Heart,' and

"Whereas, the party of the second part wishes to obtain the exclusive *right* and license to produce, perform and represent the said play in the United States of America and in the Dominion of Canada."

These recitals make plain the purpose of the agreement to place the plaintiff in the position of author and the defendant of producer, and to give the latter the sole right exclusive of any competition by the author or his assigns, of placing the play before the American public in each and every form which constitute its production or representation. Whether it was so placed through the medium of living actors upon the stage or through the medium of pictures of such actors acting out the play upon the stage, in either case the play was being represented as well as produced and performed. As well said in *Kalem Company v. Harper Bros.*, 222 U. S., 55, in holding that a moving picture production of the story of Ben Hur was a dramatization of the work (p. 61):

"Drama may be achieved by action as well as by speech. Action can tell a story, display all the most vivid relations between men and depict every kind of human emotion without the aid of a word. * * * The essence of the matter in the case last supposed is not the mechanism employed but that we see the event or story lived."

D.

The expression of certain reservations in favor of the plaintiff was an exclusion of all others.

Whenever the parties desired to reserve to the

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author any of the rights of representation, they found no difficulty in expressing their intent, and consequently have themselves invoked the hoary rule of construction *expressio unius exclusio alterius*.

Thus, their agreement in paragraph Tenth provides (fol. 48):

"Tenth: The author to have the right to print and publish the play, but this right is not to be exercised by the author within six months after the production of such play in New York City unless the written consent of the manager has first been obtained."

Similar illustrations are to be found in the provisions that the defendant is not to lease or sublet the play, and that it is to be released for stock only in case it fail in New York City and upon the road.

The reservation in paragraph Tenth, *supra*, is doubly significant. In the first place, the parties therein directed their attention to a definition of the rights of representation reserved to the plaintiff, and confined those rights to mere publication in book form. In the second place, the defendant was so solicitous that there should be no competition between representation by him and representations by the plaintiff that even this right of publication was to cease upon production of the play in New York.

And yet it is seriously argued that this plaintiff, who was thus prevented even from publishing the play in book form during its New York run, could have produced it in New York in mo-

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tion picture theatres for five and ten cents admission, while the defendant was trying to perform his guaranty and make a success of it in the same city at two dollars a seat (fols. 219, 220).

Citations are not required to remind the Court that where there is an exclusive grant followed by express reservations and limitations, others are not to be implied. As said in 13 *Corpus Juris*, page 539:

"The expression in a contract of one or more things of a class implies the exclusion of all not expressed, although, all would have been implied had none been expressed."

The argument on pages 10 and 11 of the plaintiff's brief that the purpose of paragraph Tenth was merely "to delay the exercise by the author of his undoubted right to publish," overlooks that by its very terms its purpose was to declare the author to have the right to print and publish the play. The delay as to the New York run was a qualification of the right thus reserved.

E.

The courts will not easily accept a construction which would permit the plaintiff to produce motion pictures in competition with the defendant's production on the stage.

It must be assumed that the parties in making this contract, were acting in good faith, and that the plaintiff did not intend to reserve to himself rights which would enable him to prevent the defendant from fulfilling his guarantee of at least seventy-five performances during a succession of six seasons, or which would enable the plaintiff at will to render the contract unprofitable to the

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defendant and to take for himself the benefit of any popularity which the defendant should build up for the play by the investment of his time, reputation and money.

The plaintiff drove the unusually favorable bargain of reserving ten per cent. of the gross (not the net) receipts, and thus stood to win even if the defendant lost money in performing his guaranty; but such terms implied that the plaintiff conveyed rights which inherently contained the promise and possibility of profits to the defendant, particularly as the contract committed the defendant to the cost and hazard of a large number of stage performances during each of six theatrical seasons and consequently to large capital outlays for leases of theatres, hiring companies, procuring paraphernalia, advertising, etc.

Indeed, the plaintiff has himself testified (fol. 219) :

"Q33. And what effect has a motion picture performance of a play upon the production of the same play in spoken drama in the same city? A. It would be a most serious handicap to have the same play done in pictures at ten cents, when you are presenting it at two dollars in the theatre."

The courts have frequently discerned the destructive consequences of a motion picture production of the play, synchronously with its production on the stage. (*Harper Bros. v. Klaw*, 232 Fed., 609, 613; *Frohman v. Fitch*, 164 App. Div., 231, 233-4; *Photo-Drama Motion Picture Co. v. Social U. Film Corp.*, 213 Fed., 374, 377). Nowhere is the absurdity from a practical standpoint of the

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plaintiff's contention more thoroughly exposed than in the following language of the brief of his learned counsel in *Frohman v. Fitch*, 164 App. Div., 231, where he said (p. 20):

"Is it conceivable, therefore, that the plaintiff would, in purchasing the exclusive right of production, have consented that Clyde Fitch may reserve the right to give a *similar performance of the play in a ten-cent theatre, in the same city and at the same time that the plaintiff was performing the play, and charging two dollars a seat?* Is it conceivable that he would have consented to a reservation which it is admitted would result in irreparable loss and injury to the plaintiff? It scarcely required the concession found in the case, for the court to take judicial notice, that if Mr. Frohman were to play 'Captain Jinks,' at the Empire Theatre in this city, and charge two dollars a seat, it could only operate to his serious injury to permit another performance of the same play in a motion picture theatre, adjoining the Empire Theatre, at which the charge for admission would be ten cents. If, then, it is fair to assume that Mr. Frohman would not have entered into a contract to purchase the rights he did, if the contract had contained an express exception or reservation which would enable the author to destroy those rights or irreparably injure the plaintiff therein, then it is equally clear that the court will not hold that the author impliedly reserved what he could not have expressly secured with plaintiff's consent. An implied reservation proceeds upon the theory of a tacit or implied acquiescence or consent."

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In *Photo-Drama Motion Picture Co. v. Social U. Film Corp.*, 213 Fed., 374 (aff'd 220 Fed., 448), Judge Hand said (p. 377) :

"It would be absurd to suppose that Kauffman meant to retain the right to compete, certainly as regards motion pictures."

The argument in the plaintiff's brief that the plaintiff would not be likely to reduce his royalties from the spoken play by competing with moving pictures, is well answered by Judge Mayer at page 157. That would depend on what the plaintiff's judgment was as to the success of the spoken drama and as to the price he could get for the motion picture rights. If the spoken play was not succeeding very well, it might readily become very tempting to hold the defendant to his guaranty of seventy-five stage performances a season for six seasons and at the same time sell out the picture rights for a large sum in cash or in royalties. Nothing *a priori* could be predicated of such a situation, except that the defendant would clearly never have intentionally exposed himself to such a risk. Indeed, the contract was scarcely two years old and the spoken play just becoming the great success described in the complaint, when we find the ~~defendant~~ ^{plaintiff} claiming the picture rights, with the result that a truce of four years had to be declared by the agreement of modification (fols. 66-9).

On the other hand, if the defendant got the picture rights, he would be sure not to compete with himself, and not to exercise those rights, except in response to a business advantage in which the

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plaintiff by reason of his extraordinarily favorable royalty arrangement would equally share.

As Judge Mayer forcibly puts the consequences of the plaintiff's interpretation (p. 157):

"In other words, Manners could not lose and Morosco was sure to lose, and practically the same result would follow if the play were released for stock. Courts are not astute to construe contracts with such a result unless the language and intent clearly so require."

The plaintiff's brief asks at page 20:

"If he (the defendant) possessed the motion picture rights, what was there to prevent his producing the play in that form, and not at all as a spoken drama?"

The answer is in paragraphs Third, Fifth, Sixth and Eleventh (fols. 43-9). The defendant contracted to give seventy-five "performances" "in first class theatres with a competent company" for six theatrical seasons, and if he failed to give that number then or during any future season, all his rights in the play reverted except under the conditions which permitted him to release it for stock.

In *Fleischman v. Ferguson*, 223 N. Y., 235, it was held (p. 241):

"A court will endeavor to give the construction most equitable to both parties instead of the construction which will give one of them an unfair and unreasonable advantage over the other."

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F.

The supplemental contract of July 20, 1914, illustrates the intent of the parties to transfer to the defendant the ownership of the play for all production purposes.

Paragraph Seventh of the Supplemental Agreement removes the prohibitions in the Original Agreement upon the defendant's leasing, sub-letting, assigning or selling (fol. 63); and paragraph Fourth of the Supplemental Agreement removes the restriction requiring production by a company with Laurette Taylor in the title role (fol. 58), and allows the defendant to employ as many companies as he might see fit—the paragraph expressly stipulating that the defendant “is hereby given sole and exclusive charge and control.”

Such provisions demonstrate the purpose of the parties, in view of the defendant's successful management, to place the matter of production and representation of the play wholly under the ownership of the defendant, and to leave the plaintiff in the position of an author who, in exchange for most generous royalties, permits another to risk his time and his fortune in the development and exploitation of the work to the fullest.

The attempt on page 15 of plaintiff's brief to construe paragraph Ninth into some sort of recognition that the plaintiff possessed the motion picture rights is in flat contradiction of its purpose as a mere truce between conflicting claims which had then arisen and of its express statement that it is not such a recognition (fol. 68).

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G.

The unbroken tenor of judicial decisions interpreting similar agreements establishes incontestably that the motion picture rights were included.

In *Frohman v. Fitch*, 164 App. Div., 231, wherein the plaintiff was represented by the same counsel as the plaintiff in the present case, the controversy involved the motion picture rights to the play, "Captain Jinks of the Horse Marines." In order to illustrate the similarity of issue, we have paralleled the chief provisions of the two contracts as follows:

Frohman-Fitch Contract.

Whereas, the said party of the first part agrees to write and deliver a play on or before January first, 1901, and

Whereas, the said party of the second part desires the exclusive right to produce or to have produced the said play in the United States of American and in Canada,

Now, therefore, in consideration of the sum of one dollar paid by the said party of the second part to the said party of the first part the said party of the first part and the said party

Present Contract.

Whereas, the party of the first part is the sole and exclusive author and owner of a certain dramatic composition at present entitled "Peg O' My Heart" and

Whereas, the party of the second part wishes to obtain the exclusive right and license to produce, perform and represent the said play in the United States of America and the Dominion of Canada.

Now, therefore in consideration of the premises and of the mutual covenants and promises of the parties of these presents hereinafter contained and in consideration of the sum of

*Motion Picture Rights.**Frohman-Fitch Contract.*

of the second part respectively agree as follows:

1. The said party of the first part agrees to sell, assign and transfer, and hereby does sell, assign and transfer to the said party of the second part, the exclusive right to produce the said play in the United States of America, and in Canada for which sale, assignment and transfer, the said party of the second part agrees to pay to the said party of the first part, or to his authorized agent as follows: The sum of five hundred dollars (\$500) on the signing and execution of this

Present Contract

one dollar, lawful money of the United States, this day by each of the parties hereto to the other in hand paid, the receipt whereof is hereby reciprocally acknowledged, and for other good, valuable and adequate consideration it is hereby understood, covenanted and agreed by and among the parties to the agreement, as follows:

First.—The party of the first part hereby grants, and by these presents hereby does grant to the party of the second part subject to the terms, conditions and limitations hereinafter expressed, the sole and exclusive license and liberty to produce, perform and represent the said play in the United States of America and the Dominion of Canada.

*Motion Picture Rights.**Frohman-Fitch Contract.*

agreement, which sum shall be in advance of author's royalties.

2. Also if the said play is accepted by the said party of the second part on the receipt of the manuscript of the said play, the said party of the second part shall pay to the said party of the first part, or his authorized agent the further sum of five hundred dollars (\$500) which sum shall likewise be in advance of author's royalties.

3. Also the further sum in author's royalties as follows: Five per cent. (5%) on the first four thousand dol-

Present Contract

Second.—The party of the second part in consideration of such grant, hereby agrees to pay to the party of the first part the sum of five hundred dollars (\$500.00) upon the signing and execution of this agreement, the receipt whereof is hereby acknowledged, and which sum shall be in advance of the royalties to accrue to the party of the first part under this agreement, and it is not to be returned to the party of the second part under any circumstances whatsoever, but is to be credited as the payment of the first royalties as hereinafter provided, if the said play shall be produced by the said party of the second part under this agreement.

Fourth.—The party of the second part further agrees to pay to the party of the first part not later than the

*Motion Picture Rights.**Frohman-Fitch Contract.*

lars (\$4,000) gross weekly receipts, ten per cent. (10%) on the next two thousand dollars (\$2,000) gross weekly receipts above for all performances of the said play in the United States of America and in Canada.

7. The said party of the second part agrees to furnish to the said party of the first part, or to his authorized agent, weekly statements of the gross receipts of the said play wherever performed in the United States of America and in Canada, and to make weekly payments of royalties according to the terms of this agreement to the said party of the first part, or to his authorized agent, and the said party of the first part and his authorized agent may at any time examine the entries relating to the gross receipts of the said play in the United States of America and in Canada.

Present Contract

first Wednesday following each and every week during which a performance of the said play shall have been given further sums as royalties as follows: Five per cent. (5%) of the first four thousand five hundred dollars (\$4,500) gross weekly receipts; seven and one-half (7½%) per cent. on the next two thousand dollars (\$2,000) gross weekly receipts; and ten (10%) per cent. on all sums over that amount of six thousand five hundred dollars (\$6,500) gross weekly receipts, which said sum of money, together with certified box office statements, the party of the second part agrees to send to the party of the first part.

*Motion Picture Rights.**Frohman-Fitch Contract.*

4. If the said play is not produced by the said party of the second part within one year following the receipt and acceptance of the said manuscript, the said party of the second part shall then return to the said party of the first part or to his authorized agent all manuscripts of the said play in the possession of the said party of the second part and all rights of the said party of the second part in and to the said play shall cease, and all sums paid by the said party of the second part to the said party of the first part, or to his authorized agent shall belong to the said party of the first part.

5. The said party of the second part agrees to announce the name of the said Clyde Fitch as sole author of the said play on all posters, programmes and other advertising matter connected with the said play.

Present Contract

Fifth.—The said party of the second part further agrees that if during any one theatrical year, such year to begin on the first day of October, said play has not been produced or presented for seventy-five performances, then all the rights of the said party of the second part shall cease and determine, and shall immediately revert to the said party of the first part.

Ninth.—The name of the author to appear on all advertising, reading and printed matter used in connection with the play.

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Frohman-Fitch Contract.

6. The said party of the second part agrees that should he produce or have produced the said play, to produce it in a first class theatre and in a first class manner.

9. The agreements hereto are binding upon the heirs, executors, administrators or representatives of the parties hereabove mentioned.

The two contracts are thus shown to be so similar in scheme, provisions and phraseology that the present contract must have been modelled on the *Frohman* contract or on some common original.

The Appellate Division held that under the con-

Present Contract

Sixth.—It is further agreed that the said party of the second part shall present the said play in first class theatres with a competent company, the said company to be mutually satisfactory to both parties to this agreement, and with Miss Laurette Taylor in the title role of "Peg O' My Heart," and that the play will have a production in New York City, and will be continued on the road with Miss Taylor in the part of "Peg" for at least one season or longer if considered advisable by both parties to this agreement.

Thirteenth.—This agreement is binding upon the parties hereto, upon their heirs, executors, assigns, administrators and successors.

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tract before it the moving picture rights were included in the general grant of the producing rights, and said (p. 233) :

"The contract, as we have seen, gave the plaintiff the 'exclusive right to produce or to have produced the said play in the United States of America and in Canada.' This exclusive right was to protect the plaintiff in the property which he had purchased. That the plaintiff's rights under the contract constituted property cannot be questioned. That by the aid of science it has, since the contract was executed, been made possible to produce the play in some manner not then contemplated, does not give William G. Fitch nor the American Play Company the right to destroy plaintiff's property or diminish the value of what he purchased. The fact that the plaintiff agreed to produce the play only in first class theatres and in a first class manner does not contemplate that the author of the play reserved to himself the right to produce it in a second class theatre in a second class manner. On the contrary, this provision was inserted in the contract to protect the author of the play by insuring to him that his production should only be produced in a creditable place and in such a way as would add to his reputation."

This case was cited with approval in *Klein v. Beach*, 239 Fed. C. C. A., 108, 109; by Judge Mayer in *Klein v. Beach*, 232 Fed., 240, 246; and by Judge Hough in *Harper Bros. v. Klaw & Erlanger*, 232 Fed., 609, 613.

In *Lipzin v. Gordin*, 166 N. Y. Supp., 792, the

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agreement as to the producing rights read as follows (to quote the language of the opinion):

"The second recital of the agreement states 'Whereas said Michael Mintz is desirous of securing to himself the exclusive right of producing, playing and performing or causing to be produced, played or performed, said play or drama for said Kenny Mintz Lipzin' and is in entire harmony with the idea that Michael Mintz merely was mentioned in the capacity of agent of his wife, Kenny Mintz Lipzin. The agreement in clear and unmistakable language confers upon Michael Mintz the exclusive license for a term of 24 years 'to play, perform and produce or to cause to be played, performed, and produced said play or drama entitled as aforesaid' [referring to the play or drama entitled 'Die Schechite,' written in Yiddish by the deceased, Jacob Gordin, a well-known author and dramatist]."

The Court held that this general grant of the producing rights carried with it the moving picture rights and said (p. 793):

"The effect of the agreement was to grant for the term mentioned the exclusive rights of production of the play. There is nothing in the instrument that would warrant the inference that the production was limited to Madame Lipzin in the Yiddish dialect or that the author had any reserved rights of production of the translation of the play in languages other than the Yiddish language. This being so, such evidence as the Court permitted the defendant to introduce upon the trial, upon defendants' theory that it would tend to explain or interpret the meaning of the contract, cannot be available to impeach or contradict its plain terms. *The exclusive*

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license to produce the play carried with it the right of production of moving pictures thereof in films (Frohman v. Fitch, 164 App. Div., 231; 149 N. Y. Supp., 633, December 19, 1914)."

In *Hart v. Fox*, 166 N. Y. Supplement, 793, there was a sale of the performing rights in the dialogue of the play "Song of Hate," based on "La Tosca," by Victorien Sardou, and one of the questions was whether the sale covered the motion picture rights. The agreement with Sardou (as we have ascertained from an examination of the papers furnished by counsel in the case), contained as its granting clause the following:

"Mr. Sardou sells and assigns to Mrs. Fannie Davenport Price the exclusive right to play or cause to be played in all languages in the United States of America and Canada his new piece in five acts entitled, 'La Tosca,' the manuscript and all his rights, title and interest in the said manuscript in the said countries."

Nothing at all was said in that agreement about motion picture rights, and yet the court had no difficulty in holding (p. 797):

"The picture was based on the play, and that satisfied the agreement. *Nor is there any doubt that the performing rights in the dialogue carried with it the right to produce the play upon the screen.* Frohman v. Fitch, 164 App. Div., 231; 149 N. Y. Supp., 633; Lipzin v. Gordin, 166 N.Y. Supp., 792, Greenbaum, J.; Harper v. Klaw & E. (D. C.), 232 Fed., 609; Kalem Co. v. Harper Bros., 222 U. S., 55; 32 Sup. Ct., 20; 56 L. Ed., 92, Ann. Cas., 1913A, 1285."

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In *Photo Drama Motion Picture Co., Inc. v. Social Uplift Film Corporation*, 220 Fed. (C. C. A.), 448, suit was brought to enforce rights to exclusive production of certain motion pictures under the copyright statutes. The case turned upon the recording of an assignment of copyright, but in the course of his opinion, Judge Lacombe said, at page 450:

"The case here presented is unlike some of those cited on appellant's brief, where the author of a book or of a play has assigned to some one all the dramatic rights thereto without reservation. Such an assignment conveys the right to acquire a copyright under the statute which will give an exclusive right to both an old-style dramatization and the modern variant, a motion picture presentation of the drama."

Kalem Co. v. Harper Bros., 222 U. S., 55, is to the effect that the depicting of the book "Ben Hur" in motion pictures is "*performing or representing*" the book within the meaning of the Copyright Law and hence an infringement of the copyright. Mr. Justice Holmes said at page 61:

"It would be impossible to deny the title of drama to pantomime as played by masters of the art. *Daly v. Palmer*, 6 Blatchf., 256, 264. But if a pantomime of Ben Hur would be a dramatizing of Ben Hur, it would be none the less so that it was exhibited to the audience by reflection from a glass and not by direct vision of the figures—as sometimes has been done in order to produce ghostly or inexplicable effects. The essence of the matter in the case last supposed is not the mechanism employed but, that we see the event or

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story lived. The moving pictures are only less vivid than reflections from a mirror. With the former as with the latter our visual impression—what we see—is caused by the real pantomime of real men through the medium of natural forces, although the machinery is different and more complex.”

The same thought was expressed by the Circuit Court of Appeals in that case (169 Fed., 61, 63).

The plaintiff's brief argues (p. 22) that the *Kalem* case had to do only with the meaning of the words “perform” and “represent” a drama as used in the Copyright Law. In reply, we quote as follows from the brief of the learned counsel for the present plaintiff, in the case of *Frohman v. Fitch* (164 App. Div., 231), where he desired to forestall just such an attempt to distinguish the *Kalem* case (p. 9):

“The Court, in that case, construed the words ‘performance’ and ‘representation’ of a drama in the statute, while this Court has before it the same question on the construction of the same words in a contract. Plaintiff acquired in this case by contract, precisely what Klaw & Erlanger secured under the statute, in the case cited by arrangement with the author and owners of the copyright of ‘Ben Hur.’”

In *Klaw v. General Co.*, 154 N. Y. Supp., 988, it was held:

“In *Kalem Co. v. Harper*, 222 U. S., 55, it is held that the owner of dramatic rights might forbid the dramatic representation by moving pictures.”

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In *Universal Film Manufacturing Company v. Copperman*, 212 Fed., 301 (affirmed, 218 Fed., 557), the question was as to a motion picture photo play, entitled. "The Great Circus Catastrophe." In passing on the damages to be awarded to the defendants, because complainants had impounded their film, pending the suit, the Court (per Judge Hough) said (p. 581):

"It follows that the next query is what kind of business was prevented by the seizure of this film? Reflection has only strengthened the belief that the business was that of giving a show or play; it really makes no difference that the play is mechanically produced; if there is no film there is no play, and unless the play is projected upon a screen the idle film is worthless. The value of the film depends entirely upon the popularity of the play. Therefore, I think the analogy between this case and preventing the giving of a dramatic performance is complete."

In *Liebler & Co. v. Bobbs-Merrill Co.*, 162 App. Div., 900, the plaintiff acquired from the defendant, the publisher of a novel entitled, "In the Bishop's Carriage," the "exclusive dramatic rights of the said novel." The plaintiff thereafter sought to enjoin the defendant from authorizing a moving picture production of a dramatization of the novel. An injunction was granted *pendente lite*, and the order was affirmed by the Appellate Division without opinion.

Drone, in his work on *Copyright*, page 588, says:

"In many dramas, important scenes are represented on the stage by action without words, and hence can only be described in

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written language. A pantomime or a ballet may be a drama. The acting of either is a *dramatic representation*; the written description or directions for the actors is a dramatic composition in which the action or story is narrated. *Indeed, many scenes or occurrences constituting in themselves dramas or material parts of dramas can be represented on the stage by action alone; in language they can only be described. Yet, they are dramatic productions*" See also pp. 593-594).

See also,

Brackett's Theatrical Law, p. 61

In *Lee v. Simpson*, 3 Common Bench Reports, page 871 (See pp. 881-882), the pantomime "Princess Battledore" or "Harlequin Shuttlecock" was protected under the English Copyright Act (3 and 4 W., 4 C., 15). Some of the most profitable stage productions have been pantomimes, such as "Humpty Dumpty," "Bluebeard," etc. It is the custom in London, about Christmas time, to give elaborate stage productions of pantomimes.

H.

Cases cited by plaintiff, distinguished.

The chief reliance of the plaintiff is on *Klein v. Beach*, 232 Fed., 240, 239 Fed., 109.

The distinction is that aptly pointed out by Judge Mayer at folios 467-9, and by the Court of Appeals on page 162. In the *Klein* case, the preambles and the granting clause were expressly limited:

"Whereas, the novelist is the sole owner of the *dramatic rights* of a certain original novel entitled 'The Ne'er Do Well'; and

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"Whereas, the manager wishes to engage the service of the author to dramatize the said book *for presentation on the stage* * * *

"First.—The novelist hereby grants to the author the sole and exclusive right to dramatize the said book *for presentation on the stage* * * *

"Second.—The author and the novelist hereby agree to grant and * * * do grant to the manager * * * the sole and exclusive license and liberty to produce, perform and represent the said play or dramatic composition *on the stage.* * * *

Throughout the contract, the words, "*on the stage*" were used. Judge Mayer said (p. 246):

"The 'exclusive right to dramatize' the novel 'for presentation on the stage' merely meant that no one else was to be permitted to dramatize for the stage, but did not comprehend that Beach could not grant the right to another independently to dramatize the novel for the screen."

The decision of the court was that the right to dramatize the novel "for presentation on the stage" did not carry with it the right to produce it in motion pictures. Commenting on *Frohman v. Fitch*, 164 App. Div., 231, *supra*, Judge Mayer said at page 246:

"Fitch, who had agreed to write and deliver a play, had sold his original work to Frohman under a broad grant which clearly comprehended the ownership of Fitch's work by Frohman for all purposes."

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Klein v. Beach, went to the Circuit Court of Appeals on appeal and was affirmed (239 Fed., 108). Judge Hand, in his opinion, said:

"The turning point in this case is the scope of the grant, whether by its terms it conferred upon Klein dramatic rights in the larger sense including presentation, not only by living actors, but also by motion pictures, or whether it was limited to 'the stage' proper. The actual words of grant are these:

"The sole and exclusive right to dramatize the said book for presentation on the stage."

*"The plaintiff insists, in view of Kalem Co. v. Harper, 222 U.S., 55; 32 Sup. Ct., 20; 56 L. Ed., 92 Ann. Cas. 1913A, 1285, and Frohman v. Fitch, 164 App. Div., 232; 149 N. Y. Supp., 633, that dramatic rights include motion picture rights. If used alone, that is doubtless true, especially if the contract antedate the commercial use of motion picture. * * **

*"We start therefore with a grant prima facie of 'stage' rights only. In the preamble of the contract the distinction is already indicated between 'stage' rights and general dramatic rights; thus Beach is recited as having 'dramatic' rights, while Klein has only 'dramatized' the said book for presentation on the stage, which is to result in a 'play,' the exclusive rights of which are to be given to the Authors' Producing Company. The grant follows the scheme of the preamble. * * **

"In general it is quite clear that this was the pervading purpose of the parties. Klein was to make a play out of the book, and the Author's Producing Company was to produce it; if they failed, Klein and Beach might try it together. There is no intimation that Klein should have further rights to make, not a play,

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but a motion picture scenario. Such a scenario is hardly a 'play' for, 'presentation on the stage.'"

In the *Klein* case as pointed out in the opinion, the preambles and the grant distinguish between the "dramatic rights" resident in the grantor-author, and the conveyed right only "to dramatize the said book for presentation on the stage." This made it evident that the owner of "the dramatic rights" was not granting all of them but was reserving to himself everything beyond the right to present "on the stage." In the present case, however, the reverse is the case, and no distinction is made between the producing rights which the plaintiff had and those which he conveyed except in the single particular which the parties themselves were careful to define, to wit, the right to publish the play in book form under certain conditions for a limited period of time (fol. 48).

The case of *Harper Bros. v. Klaw*, 232 Fed., 609, is likewise to be distinguished on the ground of the narrowness of the grant. There, Judge Hough, in referring to the *Kalem* case, said (p. 612):

"If by the agreement of 1899 the defendant had been granted the exclusive right of dramatizing *Ben Hur* or producing any play or plays that might be made out of *Ben Hur*, there would be no doubt at all as to their right to make a 'movie' play, as well as the kind of play as has been heretofore produced."

Judge Hough then proceeded to comment on the narrowness of the preamble, which was that the defendants were to obtain "the exclusive right of

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producing such dramatic version '*on the stage*,' and on the narrowness of the granting clause, which granted the sole right of "*producing on the stage*." He then said (p. 613):

"This differentiates the case at bar from *Frohman v. Fitch*, 164 App. Div., 231, *with which I fully concur*; but these defendants never got so ample a *grant* as did Mr. Frohman."

The English cases cited in the plaintiff's brief have absolutely no bearing.

Heap v. Hartley, 42 L. R. Ch. Div. (1889), 461, decides merely that "a license not coupled with or equivalent to a grant did not entitle the licensee to sue in his own name without joining the patentee." In *London Printing & Pub. Alliance v. Cox*, 7 The Times Law Rep. (1891), 738, the same principle was applied to a copyright. *Stevens v. Benning*, 1 Kay & Johnson's Rep., 168, merely held that a contract by an author to write a book and to allow the other party to publish it for a certain period was a personal contract and not an assignment of the copyright. In *Tuck v. Canton*, 51 L. J. N. S. (1882) (Part 2), pp. 363-5, the plaintiff, though held to be a licensee, was adjudged entitled to judgment against an infringer of copyright. *Neilson v. Horniman*, 26 The Times Law Rep. (1909), 188, is an authority for, rather than against, the defendant, for there it was held:

"As the plaintiff did not hold an assignment of the acting rights but only a '*sole license*,' he had no title to sue in his own name."

In the present case, the contract contains a "*grant*;" the thing transferred is not a naked license

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but a "right" (fol. 39); it carried not only the acting rights (fol. 46), but all the production rights, exclusive of even the author; and the agreement was so impersonal that it bound the parties' heirs, executors, assigns, administrators and successors" (fol. 50).

I.

The fact that certain provisions of the contract have to do with production in spoken form, in no wise limits the grant.

The plaintiff argues that the contract is a mere license—a personal privilege—and not a grant or transfer of property.

In discussing the duration of the contract (p. 14), we have already shown that the sale for a price of the production rights in a play does more than give a personal license or privilege. It is a grant or transfer of property.

The word "license" in this contract was not used in any such technical sense. It imports a "right," as indicated in the second recital of the original agreement expressing the wish of the defendant "to obtain the exclusive *right* and license to produce, perform and represent the said play" (fol. 39). The body of the contract provides that if the play be not produced for the stipulated number of performances, then "all *rights*" of the defendant shall cease and determine (fol. 45); and forbids any assignment by the defendant of "any of his aforesaid *rights* in and to the said dramatic composition or play" without the plaintiff's consent (fol. 49). The modified agreement, in its turn, provides that the defendant may lease, sublet, assign or sell "any of his *rights* acquired under the

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said original agreement or this supplemental agreement" (fol. 63-4).

Nor is the so-called license merely personal, for rights which bind not only the parties but also their "heirs, executors, assigns, administrators and successors" (fol. 50), are not merely personal. As said by Judge Manton below (p. 161):

"An agreement for production rights binding the parties' heirs, executors, assignees, administrators and successors, is an assignment and not a mere license (*Photodrama Motion Picture Co. v. U-Film Corp.*, 213 Fed., 374; *aff'd* 220 Fed. Rep., 448)."

Nor is the so-called license revocable, for, since it was bought and paid for, and coupled with a continuing interest upon a continuing consideration for a stipulated term, and connected with the enjoyment of the rights acquired, it is not revocable. As said, in 25 *Cyc.*, 649:

"Where a license to use property for specific purposes under a contract perpetual in its purport, is not specially restricted and is coupled with an interest necessary to the possession and enjoyment of the rights acquired, then the license is irrevocable so long as the interest continues."

Even a contract for personal service, where it is coupled with an interest, is not terminable at the will of the employer (*Harrington v. K. C. Cable R. Co.*, 60 Mo. Appeals, 223, 227, 229).

The plaintiff by endeavoring to attach some technical, legal significance to the word license becomes bound to attach a like technical, legal significance to the term "*grant*" as used in the

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same sentence (fol. 41); and yet, we take it, the plaintiff would loudly protest against construing the word "grant" as importing a conveyance of property. We do not assume, however, that the parties were attaching to these terms the specialized meaning which they may have acquired in certain branches of the law, or that, if they did, the situation is in any way affected.

Even Judge Ward did not regard the contract as a license, but conceded that "the words of the grant are large enough to cover the picture rights" (p. 164).

Since, therefore, the contract conveyed all the property rights in the play as a production, and granted "the sole and exclusive right to produce," the mere fact that certain of the ensuing clauses had to do with "performances" "in first class theatres" can in no wise restrict the terms of the grant.

The plaintiff guaranteed to give a stated minimum of such performances and made all his rights conditional upon meeting that minimum. Naturally the contract particularized on that subject at some length.

Such a method of restricting the indisputable terms of the grant would equally have led to the opposite result in the cases above cited—particularly in *Frohman v. Fitch*, the principles of which have been the unchallenged law of these contracts until this case arose. In the *Frohman* case, the contract was no less silent as to motion picture rights, and to no less a degree contained clause after clause which seemingly had to do with the spoken play alone. Thus there was the same provision for royalties based solely on the

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gross weekly receipts; there was the same use of the word "play"; there was the same agreement to produce in first-class theatres and in a first-class manner; there was the same agreement for publicity for the name of the author "of the said play"; and there was the same description of the representations as "performances." The answer of the Court, however, was, in effect, that the preambles and the granting clause showed an intent to convey all the producing rights, and that the clauses which had to do with the production of the spoken play did not exclude the right to produce the motion pictures, but rather were applicable solely to instances of production on the stage.

In *Dickson v. Wildman*, 183 Fed. (C. C. A.), 398, it was held on the authority of a multitude of cases (p. 403):

"The granting clause is naturally looked to to see what it was intended to convey, whereas recitals are often merely introductory, and are not a necessary part of the deed. *The granting clause is the very essence of the contract.* It is required to transfer title, but the habendum clause is not absolutely necessary to make a deed effective. Where a conflict exists, therefore, in the different parts of a deed, the true intent of the grantor as to what was intended to be conveyed is more likely to be found in the granting clause. The settled rule of construction in Alabama and in many other jurisdictions is that in case of repugnancy between the granting clause and other parts of the deed the former will prevail."

The granting clause in a deed or contract is controlling as to the property conveyed and cannot be restricted by inference or implication from subsequent clauses.

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Am. & Eng. Encyc. (2nd Ed.), Vol. 17,
p. 8;

Stuart *v.* Easton, 170 U. S., 383, 393, 401;

Mott *v.* Richtmyer, 57 N. Y., 49, 63;

Matter of City of New York, 216 N. Y., 67,
75;

Holmes *v.* Hubbard, 60 N. Y., 183, 186.

J.

The claim that there is some repugnancy between the provisions for royalties and a production in motion picture, is unwarranted.

Production in motion picture form has its gross weekly receipts precisely as does a spoken production. If the defendant produced on the screen he could quite as easily pay a percentage of his gross weekly receipts to the plaintiff as if he produced on the stage; and if he availed himself of his right under the modifying contract to let out such right of production, the plaintiff's right to the stipulated royalties would not be affected thereby (fol. 64). The only result would be that the defendant would be bound to make an arrangement whereby he could fulfill his personal obligation for the plaintiff's royalties (fol. 64).

In many of the cases above cited the contracts in question resemble the present contract, in that they provided for a royalty to the author based upon the gross receipts of the play, and were silent as to any special arrangements governing the profits from production in motion picture form; and yet the courts had no difficulty in holding that the contract included a transfer of the motion picture rights. Thus, in the *Frohman* case, *supra*, the only provision for a royalty was a percentage of the gross receipts; and in the

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Lipzin case, *supra*, the author was only to receive "a royalty of five dollars for each and every performance of the play." In the present contract, however, there are not only provisions for the payment to the plaintiff of a percentage upon the gross receipts, but also provisions in certain cases for the payment to him of one-half of amounts received. One or the other of these provisions is bound to be applicable to any use which the defendant may make of the motion picture rights.

This very contention by the plaintiff was answered as follows in the brief of his learned counsel in *Frohman v. Fitch*, 164 App. Div., 231, (Reply Brief, p. 3):

"Defendants suggest that the amount of royalties to be paid, should Frohman give motion picture performances, is not provided for in the contract.

"It is provided for in Article 3. He must pay the specified percentage of the *gross* weekly receipts taken in at the performances" (fol. 35).

In other words, in that case, the present plaintiff's distinguished counsel *did not consider* that a covenant to pay the author royalties of five per cent. on the "gross weekly receipts for all performances of the said play," *was in any way not adaptable or not applicable to a production in motion pictures*. In the present case, however, he *does*.

K.

Nothing in the provision forbidding alterations, eliminations or additions to be made in the play without the approval of the author, prevents motion picture productions.

As pointed out by Judge Mayer, any such contention is "not persuasive in view of the *Kalem* and

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Frohman v. Filch cases" (fol. 473). If a moving picture representation is something different as a dramatization from the play itself, then the Court in the *Kalem* case should have held that there was no infringement, and the Court in the *Frohman* case should have held that the motion picture rights were not included in the grant of the production rights of the play.

Under Paragraph Seventh no alterations are to be made "in the play," as distinct from the various methods of presenting the play to the public.

As said by Judge Mayer of this paragraph in his opinion in *Manners v. Famous Players-Lasky Corporation*, attached to the plaintiff's brief herein (p. 29) :

"It is obvious that a spoken play cannot be literally reproduced on the screen. The screen must convey by pantomimic action and legends or concise statements, whether by way of narrative or dialogue, the subject matter and action of the play. Therefore, an alteration, elimination or addition which is faithfully consistent with the plan and sequence of the play, cannot be held to be an alteration, elimination or addition prohibited under the Seventh paragraph without the consent of the author."

Would the plaintiff claim that because of this clause the defendant could not have presented the play in pantomime by living actors upon the stage or with the aid of a mirror? Yet these are the very tests which in the *Kalem* case, 222 U. S., 55, 61, the Supreme Court of the United States laid down for determining whether a motion picture presentation would be an infringement of the copyright of the play. As said therein (p. 61) :

"Drama may be achieved by action as well

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as by speech. Action can tell a story, display all the most vivid relations between men, and depict every kind of human emotion without the aid of a word. * * * The essence of the matter in the last case supposed (a mirror) is not the mechanism employed, but that we see the event or story lived. The moving pictures are not less vivid than reflections from a mirror."

In other words, Paragraph Seventh is a guarantee that the public are to see "the event or story lived" precisely as the plaintiff composed it, whether its presentation be by word of mouth, pantomime, reflection in a mirror, moving picture, or any other medium.

A mere descriptive legend or statement to aid the understanding of the pictures, is no more a violation of paragraph Seventh than would be a like aid to a pantomimic production or a summary on a theatre program.

The identity to be preserved by this paragraph is the similitude of the impressions and action. As said in *United States v. Motion Picture Patents Co.*, 225 Fed., 800, 803, appeal dismissed, 247 U. S., 524:

"It has been settled by the decisions under the earlier copyright laws, that the copyright of a dramatization covered a photo-play presentation of the same subject. This was based upon the recognition of, what every observer experiences, *the similitude, if not identity, of the impressions received from seeing a photo-play and from the same play acted out by actors living and moving before his eyes.*"

The difference between the manuscript of a stage drama or the legends which help to understand the story and a motion picture representation

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thereof is aptly illustrated in *Parton v. Prang*, 3 Cliff, 537, Fed., Case No. 10, 784, where the court contrasts a painting with a word description thereof:

"The manuscript is a description of the object and not the presentation of the object itself or its portrait, as the manuscript while it remains that character, is simply the registry of certain thoughts or ideas about a thing and not the exhibition of the thing itself as in the case of a picture."

THIRD POINT.

The trial court did not err in excluding the contract with Laurette Taylor.

This contract was made on July 8, 1912, between the defendant and Laurette Taylor (Plaintiff's Exhibit 8 for Identification). In it the defendant employed Laurette Taylor as a star for the seasons of 1912-1913, 1913-1914 and 1914-1915, with the *option* of continuing her services for the seasons of 1915-1916, 1916-1917 and 1917-1918. No possible significance can attach to this contract, because (1) (as shown in our First Point, p. 13) the period of seasons in Paragraph Third of the original contract between the plaintiff and the defendant included the season of 1918-1919; (2) the contract with Laurette Taylor was not limited to "Peg O'My Heart," but included "the leading female character of any other plays that may be suited to the talent and ability of said artist" (fol. 334); and (3) the defendant did not make a firm contract with Miss Taylor for five years but only for three, with an option for three more. Naturally,

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the defendant did not contemplate making a contract with Miss Taylor beyond the period of his own affirmative guarantee to the plaintiff; and naturally, Miss Taylor would not have been willing to tie herself up for life.

FOURTH POINT.

The trial court did not err in excluding the question of plaintiff's counsel as to the identity of the person who drew the agreement of January 19, 1912.

The reasons given by the U. S. Circuit Court of Appeals, pp. 162-3, are conclusive. See also *Caine v. Hagenbarth*, 37 Utah, 69, 94, approving 2 *Page on Contracts*, Sec. 1122; *Hull Coal & Coke Co. v. Empire Coal & Coke Co.*, 113 Fed., C. C. A., 256, 258; and 2 *Page on Contracts*, Sec. 1122, p. 1745.

FIFTH POINT.

The trial court did not err in excluding evidence as to the manner and method of conducting the motion picture business.

The offer of evidence was rejected because irrelevant (fol. 211), both the Court and the defendant's counsel stating that they assumed that the plaintiff would testify in accordance with the offer (fols. 223-4, 231). The defendant's counsel, however, did not concede the facts to be as the plaintiff might testify, and reserved the right to cross examine him and to produce contradicting evidence, in case the evidence thus offered should ever be deemed relevant (fols. 226, 228, 231).

On the merits, it is obvious that the provision

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in the original contract against subletting or leasing no more prevented the defendant from producing the play in motion-picture form than it prevented him from producing it on the stage—in the first place, because that prohibition has been eliminated by the supplemental contract, and, in the second place, because the defendant could himself give his own motion picture shows precisely as he gave his own stage productions, without the intervention of any lessee.

As to the provision for royalties, we have already shown that that in no way worked against the inclusion of the motion picture rights (*supra*, Second Point, (p. 61). Whether the defendant produced the play in motion picture form or on the stage, he would have box-office receipts on which the plaintiff would be entitled to the stipulated royalties; and, under the supplemental contract, if the defendant sublet or leased any of his production rights, he still remained under this same personal obligation to pay royalties to the plaintiff (fol. 64). There would be no more difficulty in such case than there would be in a case where the defendant leased or sublet the stage rights, as he was expressly permitted to do by the supplemental agreement.

The mere fact that the defendant might not be entitled to produce motion pictures under arrangements which would be inconsistent with the plaintiff's right to royalties, is not an argument against the defendant's possession of the production right, but merely against the particular manner of its exercise.

CONCLUSION.

The decree should be affirmed, with costs.

Dated, New York, February 21st, 1920.

Respectfully submitted,

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Of Counsel.